Commission for the
Review of Social Assistance
in Ontario

Brighter Prospects:

Transforming Social Assistance in Ontario

Frances Lankin and Munir A. Sheikh

Commissioners

A Report to the Minister of Community and Social Services 2012

October 2012

The Honourable John Milloy
Minister of Community and Social Services

Dear Minister:

We are pleased to submit to you our final report, ***Brighter Prospects: Transforming Social Assistance in Ontario***.

In this report, we chart a new course for social assistance towards a simpler, more effective, and more accountable system that has the potential to make Ontario a leader in removing barriers and increasing opportunities for people to work. As the Government of Ontario has recognized, employment is a key route to escaping poverty.

The costs of inaction are simply too high. Sidelining people with disabilities and other social assistance recipients condemns them to a life of poverty. Without transformational change, caseloads and costs will continue to rise, and we will increasingly waste human resources that could make a significant contribution to our shared social and economic objectives for Ontario.

The reforms we recommend will substantially improve social assistance. Those who need help will receive it. For the vast majority of people receiving social assistance who can work, there will be the right supports and better incentives to become employed. The system will be more accountable, resulting in less inefficiency and misuse. There will also be action on a myriad of issues outside social assistance that have the effect of trapping people in the system.

The transformation we describe in this report (108 recommendations) will take time, but we outline priority steps that can be taken now. These include changes to improve employment services and deliver an integrated program at the local level. We urge the government to take quick action and choose a select number of communities where these changes can be implemented initially, and then expand the changes province wide.

We also encourage the government to move forward quickly to establish a Provincial/Corporate Partnership to champion the hiring of people with disabilities. Through the process of the review, we engaged with corporate leaders who are taking action on this issue and who are ready and willing to partner with the government to help improve employment prospects for people with disabilities.

We thank you for entrusting us with such an important task. It was a privilege to visit communities across Ontario and to hear from so many people who are deeply committed to improving the lives of individuals and families receiving social assistance, and indeed, to improving the life of this province.

Sincerely,

Frances Lankin

Frances Lankin
Commissioner

Munir A. Sheikh
Commissioner

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Message from the Commissioners

In November 2010, the Ontario government appointed us to lead a comprehensive review of social assistance in this province and to make recommendations to improve the system. Our review was established as part of the government's 2008 Poverty Reduction Strategy. The overarching goal of the review was to identify ways to remove barriers and help people move into employment.

This review has been one of the most complex and important tasks with which we have ever been entrusted. It has been complex because of the system itself and its connection to so many other policies, programs, and external factors. It has been an important task because social assistance programs provide vital services and supports to individuals and families who are among the most vulnerable in our province.

Ontario is currently experiencing a growth in the number of people receiving social assistance. The Province and municipalities spent more than $8.3 billion on the program in 2011-12. Despite the increase in the number of cases (individuals and families) receiving Ontario Works since the 2008 recession, the number of Ontario Disability Support Program (ODSP) cases, now approximately 299,000, exceeds the number of Ontario Works cases, now approximately 265,000.

Over the past year and a half, we have had the privilege of visiting communities across Ontario and hearing from people with diverse perspectives on social assistance. We were grateful for the insights of participants and the thoughtfulness of the responses we received. We were struck by the commitment of so many people to providing the best possible supports to social assistance recipients, despite the constraints of the system. We were inspired by the strength and hopes of people with lived experience of social assistance who shared their personal stories with us.

We also held separate discussions with First Nations to ensure that approaches to reform would reflect their unique needs and priorities. We learned that we need to think differently about social assistance in First Nations communities and be mindful of their unique historical, legal, and cultural circumstances. We were moved by the aspirations of First Nations to heal the wounds from colonial legacies and to restore individual and community capacity.

Across the province, we heard that social assistance rates are too low to meet people's basic needs, including nutritious food and adequate housing. We also heard about the complexity of the current system. Its web of benefits and eligibility requirements results in confusion, inconsistency, an excessive administrative burden, a lack of transparency, and barriers to exiting social assistance for work. We heard from caseworkers who could be spending as much as 70 per cent of their time just administering the rules arising from the complex benefit structure – time they could be using, and want to use, to work directly with clients to help them achieve their employment goals.

We also heard about the inability of employment services and related supports in the current system to meet the range of recipients' needs. Some people are able to exit social assistance for employment fairly quickly and with minimal support. Too many others get trapped in the system and face diminishing opportunities the longer they are out of the workforce. This is especially true for people with disabilities and others who face multiple barriers to employment. They are not receiving the level of support they need to stabilize their lives and move toward greater independence and resiliency.

Across the province, people asked us to be bold in thinking about how to reform social assistance. While many identified specific policies or rules that are not working, they also called for more fundamental change to the system as a whole. Through all our discussions, research, and analysis over the course of the review, we have come to the conclusion that social assistance in Ontario must be transformed from the complex and ineffective system that it is today to a simple and effective system that can achieve its twin objectives of providing employment support and financial support.

Transforming the system will demand many changes, including improved employment services and related supports for all recipients, a better benefit structure, and mechanisms to drive change and ensure accountability. It will also require taking action to address policies outside the social assistance system that impede progress toward achieving stable incomes and more sustainable employment for social assistance recipients.

The new system we recommend focuses on ability, not disability, and it does not categorize employment aspirations based on whether or not people have a disability. A focus on ability means that everyone should have ready access to employment services and supports. The starting point of the new system is that all social assistance recipients, including people with disabilities, should be supported to participate in the workforce to the maximum of their abilities and that income security should be guaranteed for those who cannot work.

Sidelining people with disabilities exacts an enormous personal toll on individuals and prevents all of us as a society from benefiting from their contributions and creativity. Government initiatives like the Accessibility for Ontarians with Disabilities Act and Ontario's Comprehensive Mental Health and Addictions Strategy are important steps. We also know from our discussions with employers that there is a growing recognition that hiring people with disabilities makes good business sense. Many other individuals and organizations are also raising awareness and working to overcome the barriers faced by people with disabilities. Yet, despite this progress, we need to do much more as a province to achieve a real breakthrough for people with disabilities in the workforce. We hope that transforming social assistance, in a way that encourages people with disabilities to realize their full potential, will bring us closer to that breakthrough. It is in this spirit that we have made our recommendations.

We recognize that among people receiving social assistance there will be genuine fear about how change will affect the essential supports they receive. Particularly, people with disabilities may be deeply concerned about how a transformed system will meet their specific needs. We also understand the concerns of people who work in the system, especially at this time of job insecurity in the public sector. Social assistance reform requires great sensitivity toward the people who will be affected, as well as their meaningful engagement throughout the process.

We urge the government to act on our recommendations, and to take steps to help more people find and sustain employment. Ensuring that human potential is not wasted is always the right thing to do. At this time when Ontario is looking for new ideas to improve its economic performance, it is also the smart thing to do. Improving social assistance to better enable people to get back on their feet, or to get a foothold in the labour force, is a win-win proposition. It will improve the quality of life for individuals and families in need and contribute to greater prosperity for all Ontarians.

PART 1 »

Chapter 1: Introduction

In its 2008 Poverty Reduction Strategy, the Ontario government made a commitment to review social assistance, comprising Ontario Works and the Ontario Disability Support Program (ODSP).[1] The government followed up by appointing the Social Assistance Review Advisory Council in December 2009, which was tasked with making recommendations on the scope and terms of reference for the review.[2]

Taking into account the advice of the Council, the government established the Commission for the Review of Social Assistance in Ontario in November 2010 and appointed Frances Lankin and Munir A. Sheikh as Commissioners[3] to lead the review.

Under its Terms of Reference,[4] "Ontario's social assistance review [was] guided by a vision of a 21st century income security system that enables all Ontarians to live with dignity, participate in their communities, and contribute to a prospering economy."

The Terms of Reference required the review to "recommend ways to improve work-related outcomes, while providing appropriate income supports and access to opportunities that will enable participation in and attachment to the labour market, and guarantee security for those who cannot work."

More specifically, five outcomes for the review were provided:

Make recommendations that will enable government to:

- *Place reasonable expectations on, and provide supports for, people who rely on social assistance with respect to active engagement in the labour market and participation in treatment and rehabilitation;*
- *Establish an appropriate benefit structure that reduces barriers and supports people's transition into, and attachment within, the labour market;*
- *Simplify income and asset rules to improve equity and make it easier to understand and administer social assistance;*
- *Ensure the long-term viability of the social assistance system; and*
- *Define Ontario's position vis-à-vis the federal and municipal governments as it relates to income security for Ontarians.*

The Commission's approach[5]

The Commission sought extensive input on the five outcomes in two phases, each based on the release of a discussion paper. Through feedback on the papers, community conversations, and many other opportunities to engage with Ontarians, the Commission heard from individuals and organizations with diverse perspectives, including people with lived experience of social assistance, municipalities, caseworkers, not-for-profit organizations, employers, labour representatives, and government officials.

In all, more than 2,000 people had the opportunity to contribute through the 11 community conversations in which the Commissioners participated, and over 1,150 written submissions were received.

Separate discussions were held with First Nations in recognition of their unique historical, legal and cultural circumstances. To incorporate the views and experiences of Aboriginal people living off-reserve, the Commission engaged with the Ontario Federation of Indian Friendship Centres.

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[1] See Appendix A, Profile of People Receiving Social Assistance in Ontario, and Appendix B, Social Assistance Expenditures.

[2] Social Assistance Review Advisory Council, *Report of the Ontario Social Assistance Review Advisory Council: Recommendations for an Ontario Income Security Review* (Toronto: Ministry of Community and Social Services, May 2010).

[3] See Appendix C, Commissioners' Biographies.

[4] See Appendix D, Terms of Reference.

[5] See Appendix E, The Engagement Process.

The Commission conducted additional research to learn more about the issues in social assistance and experience in other jurisdictions. The Commission also met with researchers, academics and technical experts to examine complex issues, such as the benefit structure, in greater depth.

In developing its recommendations for social assistance reform, the Commission was guided by the key principles set out below. They emerged from the Terms of Reference for the review, stakeholder input, and research into promising practices in Ontario and elsewhere.

Principles

Dignity and Respect: The social assistance system must treat every individual with dignity and respect, instil a culture that does not stigmatize people, and build relationships with clients based on trust and collaboration.

Diversity and Equity: The system must respect and respond to the diversity of social assistance recipients, including the experiences and barriers faced by women, people with disabilities, Aboriginal peoples, racialized groups, and new Ontarians. Different approaches may also be necessary to achieve equity of outcomes for different groups.

Consistency: Social assistance recipients must have the same entitlements and requirements, unless there is a valid rationale for difference in treatment. Social assistance policies must also complement other government policy objectives (e.g., encouraging people to save for the future).

Simplicity: The system must be much easier to understand, navigate, and administer. Caseworkers must be able to spend less time enforcing rules and more time helping clients.

Effectiveness: All aspects of the system, including employment services and related supports, must be managed and delivered in the most effective way possible to improve employment outcomes for social assistance recipients.

Accountability and Transparency: The system must have clear lines of accountability for achieving results and reporting publicly on progress. The system must also be accountable for providing the appropriate services and supports to the individuals it serves, who, in turn, must be responsible for complying with the program requirements. The mechanisms in place to prevent and address misuse of the system must continue.

The structure of this report

This report is divided into two parts.

PART 1 provides a brief overview of the report through three sections:

The **Executive Summary** is a synopsis of the new social assistance system envisaged in this report. It highlights some of the key changes needed within social assistance and outside the system to achieve full transformation.

The New System from a Client's Perspective describes some of the proposed changes that may be of greatest interest to social assistance recipients in the areas of employment services and supports, benefits, and the system culture. It is included at the beginning of the report as a way of recognizing the importance of social assistance transformation to people with lived experience.

The **Summary of Recommendations** lists all of the Commission's recommendations from the report, divided by chapter.

PART 2 provides much greater detail on the recommendations, including the context and rationale for the proposed directions. The contents of the seven chapters are described below:

Chapter 1, **Enabling Employment**, discusses effective employment services and integrated supports to meet the range of recipients' needs, including people with disabilities and others who face multiple barriers to employment. It highlights the importance of alternative forms of employment for social assistance recipients and of integrated treatment and employment programs to meet the needs of people with disabilities related to mental illness. The chapter proposes the development of a standard way of defining the needs of different segments of recipients to ensure that the level of services and supports that people receive are proportional to their level of need. It recommends a more collaborative approach to goal setting and employment planning using new Pathway to Employment Plans for all recipients, including people with disabilities, and discusses participation requirements.

The chapter discusses the importance of employment services focusing on employers' needs, as well as the importance of marketing the skills of social assistance recipients to prospective employers. It also identifies the critical role that employers can play in providing advice on the design of employment services and in promoting the hiring of people with disabilities and other social assistance recipients.

The chapter proposes a new integrated social assistance program (replacing Ontario Works and ODSP) that would provide individualized support to all recipients. It recommends that the new program be managed and delivered at the local level by municipalities and First Nations. It also proposes that municipalities be full partners with the Province in managing and planning employment services in their communities. Finally, the chapter recommends that the Province work closely with First Nations administrators to develop their capacity to provide employment services where they are not currently provided and to enable effective delivery of the new integrated social assistance program.

Chapter 2, **Building a Better Benefit Structure**, sets out a vision for a fundamentally simplified benefit structure based on one standard rate for all adults. The chapter describes the benefit structure both in a fully transformed system and in the initial steps to getting there. In a fully transformed system, there would just be the standard rate provided through social assistance Disability benefits, all children's benefits, and extended health benefits (prescription drug, dental, and other health benefits) would be available to all low-income Ontarians, entirely outside social assistance.

Initially, a simple building blocks approach is proposed within social assistance, made up of the standard rate and, on top of it, a disability supplement for people who meet the current definition of "disability" in ODSP and uniform supplements for children and sole-support parents. The chapter advises on a rational methodology for setting the standard rate, which can provide the information to strike a better balance among the goals of adequacy, fairness, and financial incentive to work. Recommendations are made for the Province to define, with the assistance of an advisory group, transparent benchmarks to guide the rate methodology.

The chapter includes proposals to simplify the approximately 30 special benefits in the current system through harmonizing extended health benefits (until they are provided outside social assistance) and providing municipalities and First Nations with much greater flexibility in meeting recipients' needs through block funding for employment-related and other special benefits. This chapter also discusses the Special Diet Allowance (SDA). It argues that people should be able to afford a nutritious diet through the rate structure as a whole, rather than relying on a specialized allowance. It recommends that the SDA in its current form should be eliminated, with the exception of nutritional supplements for people with unintentional weight loss, and that the remaining funding in the SDA budget should be reinvested into the standard rate to help improve adequacy for all social assistance recipients.

This chapter also includes discussion of a housing benefit and a number of other key issues. These include the definition of "spouse," the treatment of income (including the treatment of gifts, income from self-employment, and child support), improving the asset rules, Rent-Geared-to-Income (RGI) housing, and the Northern Health Travel Grant.

Chapter 3, **Strengthening Accountability**, provides proposals to establish a strong accountability framework to make the social assistance system effective and sustainable. This framework includes articulating clear outcomes for the system, specifying how progress toward these outcomes will be measured, and setting out the roles and responsibilities of the Province and municipalities and First Nations in achieving results. The chapter proposes service agreements, between the Province and municipalities and First Nations to establish performance measures and targets that reflect the range of needs of recipients and include criteria for assessing progress in helping recipients "get closer" to the labour market.

The value of performance-based funding for third parties that deliver employment services is highlighted. Also emphasized is the importance of data collection, research and evaluation, and public reporting on system performance. The chapter recommends clear lines of responsibility, at both the provincial and local levels, for the outcomes and performance of the system. A Provincial Commissioner for Social Assistance is recommended, who will have responsibility for the social assistance system and lead the transformation process.

Also discussed in this chapter are a number of areas where compliance requirements can be streamlined for recipients and caseworkers, including verifying and reviewing eligibility, reducing paper documentation, extending exception-based reporting, and online reporting.

Chapter 4, **Acting on Income Security**, looks briefly at the broader context for social assistance reform, particularly the challenges arising from the growing inequality of incomes in our province and our country. The increasing gap in incomes creates a significant financial disincentive for people to exit social assistance because work often "doesn't pay." The chapter touches on the prevalence of non-standard jobs that do not often provide stable incomes and extended health benefits. It recommends that, in concert with the work of its Jobs and Prosperity Council, the Province develop a human capital development strategy. The chapter includes a discussion of benefit and tax-transfer policies and identifies the problem of marginal effective tax rates (METRs) and their impact on work incentive. A number of areas are recommended for provincial/federal collaboration (or increased collaboration) to address these problems. These include enhancing children's benefits, introducing a disability benefit, reviewing rising income inequality and the inability of the tax-transfer system to address it, and initiating a review of the benefit and tax-transfer system. Finally, the chapter highlights negative program interactions between social assistance and both Employment Insurance and Canada Pension Plan Disability and proposes action to resolve them.

Chapter 5, **First Nations and Social Assistance**, recognizes that First Nations have unique needs and priorities and highlights some of the key proposals in the report that respond to their concerns with the social assistance system. Proposals include addressing problems with the current income support rules, including the treatment of people living with their parents, and asset limits. They also include recommending that First Nations have the flexibility to define appropriate employment-related activities for social assistance recipients in their communities, consistent with provincial objectives. The chapter recognizes that social assistance reform, while important, will not address the underlying causes of dependency on social assistance in First Nations communities and among urban Aboriginal people. It identifies the need for First Nations, the Province, and the federal government to work together to develop a broader, multifaceted agenda that incorporates measures to address issues such as education and economic development. It also calls for tripartite discussions at the senior level to explore the potential to establish a greater role for First Nations in designing and managing the social assistance system in their communities.

Chapter 6, **Implementing Change and Early Priorities**, recognizes that social assistance transformation represents significant change for recipients, front-line staff and administrators, and the system as a whole. It identifies the importance of a multifaceted change management strategy, directly involving the people who will be affected. It also recommends that the Province assess the impact of changes on different groups. The chapter discusses the impacts of the initial proposed reforms and recommends that the Province grandparent current recipients who could otherwise be adversely affected by the introduction of the standard rate for single adults, the modified standard rate (for couples and others who share accommodation), and the uniform supplements for children and sole-support parents. The chapter identifies a number of implementation priorities, including moving forward on better services and supports, simplification of benefits, a rate methodology, and accountability mechanisms. Cost considerations are discussed, including the financial implications of the early implementation priorities.

Chapter 7, **The Costs of Poverty and Return on Investment**, looks briefly at the high costs of poverty to individuals and families and to society as a whole. It cites a number of studies that have sought to illustrate and quantify the adverse impacts of poverty, and its effects on health in particular. The chapter calls on the Province to develop return on investment indices that can be used in measuring the benefits of changes in social assistance. Finally, the chapter recognizes that the root causes of poverty, its consequences and its costs, cannot be addressed by the social assistance system alone. Transforming social assistance must be part of a much broader approach to reducing poverty in our province.

A Note about Municipalities:
In the late 1990s, the Ontario government announced comprehensive reform of the provincial-municipal relationship, including the consolidation of municipal service management. This consolidation created 37 Consolidated Municipal Service Managers (CMSMs), and in northern Ontario, 10 District Social Services Administration Boards (DSSABs), which took on responsibility for managing the delivery of most social and community health services in the province. In most places in this report, we use the term "municipalities" as a shorter way to refer to CMSMs and DSSABs.

Executive Summary

This report charts a new course for social assistance in Ontario, a course designed to support all recipients to participate in the workforce to the maximum of their abilities and to guarantee income security for those who cannot work. It is the final report of the review of social assistance established as part of Ontario's 2008 Poverty Reduction Strategy. That strategy articulated a vision of a province where all people have the opportunity to realize their full potential.

If social assistance is to do its part to help achieve this vision, the system must be simple, and it must be effective in helping people move into employment as well as in providing income support. This requires fundamental change, both within social assistance and outside the system. Inside social assistance, change is needed to remove complexity and ineffectiveness. Outside the system, change is needed to address policies that negatively affect social assistance outcomes. This report proposes action on both fronts. We are aware that achieving a fully transformed social assistance system will take time, and this report identifies early implementation priorities to begin the process of change.

Changes inside social assistance

In a transformed social assistance system, Ontario Works and the Ontario Disability Support Program (ODSP) would be replaced by one program, focused on ability and not on disability. It would provide individualized employment services and related supports to all social assistance recipients, including people with disabilities. In collaboration with their caseworkers, all recipients would develop a Pathway to Employment Plan identifying their employment goals, activities, and needed services and supports. The new program would be managed and delivered by municipalities and First Nations because they have the necessary on-the-ground understanding of their communities.

Municipal management would leverage municipalities' connections with local employers and their expertise in local economic development. It would also facilitate integrated access to other human services, such as child care and housing, which are already delivered by municipalities and often needed by social assistance recipients.

Given the importance of providing integrated human and employment services, municipalities and First Nations would continue to be responsible for employment services for social assistance recipients. As now, they would deliver services directly, through partnerships or under contract with community organizations. Municipalities would also be full partners with the Province in managing and planning employment services in their communities.

The level of employment services and supports people receive would be proportional to their level of need.

The level of employment services and supports people receive would be proportional to their level of need, so that people with disabilities and others who face multiple barriers to employment would not be left behind. This would be achieved through a standard way of defining the needs of the various segments of social assistance recipients and then allocating resources appropriately so that people with multiple barriers receive more intensive supports than they do today.

Employment services would include a strong focus on meeting employers' needs.

Standards and best practices would be developed for employment services, which would include a strong focus on meeting employers' needs and marketing the skills of social assistance recipients to them. Employers would also be involved in the design of employment services and the Province would support employer-driven initiatives to promote the hiring of social assistance recipients. The

Province would partner with corporate leaders to champion the hiring of people with disabilities.

On the income support side, the benefit structure would be greatly simplified. It is expected that at least half of the rules and directives in the existing system would be eliminated. Achieving a much simpler and more transparent system would make it easier to ensure that it is accountable to all Ontarians, including social assistance recipients themselves. The mechanisms in place to prevent and address misuse of the system would continue. In addition, the increased focus on interacting directly with recipients (starting with the Pathway to Employment Plan) would provide more opportunities for even stronger accountability.

The approximately 30 special benefits in the current system would be streamlined and a new rate structure, based on simple building blocks, would be introduced. The basic building block would be a standard rate for all adults. Future increases to the rate would include regional variations to reflect differences in living costs across Ontario. The standard rate would be based on a rational methodology that would help the Province achieve a balance of three objectives: adequacy of rates to cover healthy food, secure housing, and other basic necessities; fairness between social assistance recipients and low- income people who are working; and financial incentive to work.

The benefit structure would be greatly simplified. The approximately 30 special benefits in the current system would be streamlined and a new rate structure, based on simple building blocks, would be introduced.

Until the system is fully transformed, there would be two additional building blocks on top of the standard rate: a disability supplement provided to people with disabilities and uniform supplements provided to families with children and sole-support parents. Additional changes would provide access to the same extended health benefits (prescription drug, dental, and other health benefits) for all social assistance recipients.

Asset rules would be simplified and harmonized for all social assistance recipients. They would also better reflect the broader policy goals of supporting people to save and become more financially resilient.

Undertaking change of this magnitude requires a political champion, dedicated leadership, and a whole-of-government approach. This report recommends that the Province broaden the mandate of the Poverty Reduction Results Table to include monitoring the implementation of social assistance reform across ministries. It also recommends that the Province appoint a Provincial Commissioner for Social Assistance, at the associate deputy minister level, to drive change and to be the clear point of accountability for social assistance in Ontario. The Provincial Commissioner would work with municipalities, First Nations, and other stakeholders to establish performance measures, track progress, and publish an annual report card on social assistance in Ontario.

Many of the changes recommended in this report will help to address the issues with the current system that First Nations raised during the review. These include problems in the rate structure and asset rules and the need for greater flexibility in defining appropriate employment-related activities. Such changes, however, can only go so far in responding to the unique circumstances of First Nations. Getting to the root of the high rate of social assistance dependency requires other solutions, including education and economic development. Tripartite (First Nations/federal/provincial) discussions at the senior level are also required to explore the potential for a greater role for First Nations in designing and managing the social assistance system in their communities.

Changes outside social assistance

Helping people move into more sustainable employment and achieve stable incomes cannot be achieved through social assistance reform alone. Many policies outside the system affect both the need for people to seek social assistance and their ability to exit the system. In addition to the changes highlighted above, this report recommends a number of key changes that must be made outside the social assistance system.

In order to fully transform the system, disability benefits, children's benefits, and extended health benefits should be removed from social assistance and be made available entirely outside the system. Providing these vital benefits to all low-income individuals and families would eliminate structural barriers for people trying to exit social assistance for work.

In order to fully transform the system, disability benefits, children's benefits, and extended health benefits should be removed from social assistance and be made available entirely outside the system.

The high level of unemployment among people with disabilities, and their growing dependence on income support, is a critical issue for Ontario. A disability benefit outside social assistance should be a priority, and it should be available to all low-income people with disabilities regardless of whether they are working or receiving social assistance. This benefit would recognize that there can be additional costs of living with a disability, and that employment opportunities and earnings can be constrained for people with disabilities. The benefit would help people with disabilities maintain employment and reduce their financial risk in leaving social assistance for work.

The proposed disability benefit would complement the package of other initiatives recommended in this report (including an integrated program of services and supports that focuses on ability, an accelerated Comprehensive Mental Health and Addictions Strategy that focuses on employment, and public/private partnerships to champion the hiring of people with disabilities) and the implementation of the *Accessibility for Ontarians with Disabilities Act*. This set of initiatives has the potential to make a real difference for people with disabilities over time. A similarly multifaceted strategy, the National Children's Agenda, has been implemented over the last two decades and has shown success in helping low-income families with children move out of poverty.

The changes in the labour market over the last 20 years have been significant, in Ontario and throughout Canada. The prevalence of temporary and part-time jobs, often at low wages and without stability or health benefits, directly affects people's ability to exit social assistance. The Province has established the Jobs and Prosperity Council to consider labour market issues. This report recommends that the Province build on this effort and develop a comprehensive human capital development strategy.

This report also identifies the urgent need to address increasing income inequality and the erosion we have seen, over time, in the effectiveness of our tax-transfer system in dealing with this growing challenge. The downward pressure on incomes at the low end of the income scale has major implications for social assistance recipients trying to move into employment as, increasingly, "work doesn't pay." This report calls on the Province to engage the federal government to help initiate a review of rising income inequality and the inability of the tax-transfer system to address it as it did in the past. Such a review should consider the consolidation of federal and provincial benefits and tax transfers, and it should address the problem of high marginal effective tax rates that undermine financial incentive to work.

People with lived experience, caseworkers, and other stakeholders must be meaningfully involved in the process of change, and care must be taken to minimize adverse impacts.

Achieving a fully transformed system, brought about by changes both inside and outside social assistance, will take time. This report identifies early implementation priorities to begin the process of reform and to lay the foundation for integrated local services and a simplified benefit structure. It proposes steps to develop transparent benchmarks to guide the methodology for setting rates, which would help improve the adequacy of rates over time. The new Provincial Commissioner for Social Assistance would lead the process of change, and would also work toward the development of a more positive system culture.

People with lived experience, caseworkers, and other stakeholders must be meaningfully involved in the process of change, and care must be taken to minimize adverse impacts on people's lives and livelihoods. With vision, sustained commitment, and sensitivity, the Province has the opportunity to improve the prospects for social assistance recipients and all people with low incomes throughout Ontario.

The New System from a Client's Perspective

All the people we interviewed had hopes – for themselves, their children and their community. They want to work, be productive and contribute. In fact, many were already doing so in numerous ways. Many wanted to turn their own lived experience and knowledge into an asset by working to help others. Ultimately people wanted to live as independently as possible given their circumstances.

–Submission, People's Blueprint

Introduction

This chapter provides an overview of the new social assistance system from the perspective of a person applying for or receiving social assistance (Ontario Works or the Ontario Disability Support Program (ODSP) in the current system). To keep the description fairly brief and focused on the client experience, many details are omitted here, including the context and rationale for the changes. Later chapters provide these details, particularly Chapter 1, Enabling Employment and Chapter 2, Building a Better Benefit Structure.

Transforming the social assistance system is a big undertaking that will take time. Not all of the services, supports, and benefits described here would be available right away, nor would the culture of the system change overnight. This is our vision of how the system would look over the longer term, when our recommendations have been fully implemented. In some places, especially in the discussion of benefits, we also note some of the transition steps that are needed to achieve a fully transformed system.

Getting the services and supports you need

You would access social assistance through one program, delivered by your local municipality or First Nation. The program would focus on helping you to participate in the workforce to the maximum of your ability and would guarantee you income support if you cannot work.

Your caseworker would talk to you about your circumstances, experience, strengths, and needs, as well as your employment goals and the help you may need to achieve them. The services and supports you receive would be matched to your individual needs and would help you build a path toward employment or greater participation in the community.

For example, if you are job-ready, your caseworker may refer you to an Ontario Employment Resource Centre (under Employment Ontario) for job-hunting tools and information. If you need to improve your skills, such as literacy, or upgrade your education to prepare for work, your caseworker would help you access this training. If you are facing greater challenges to employment, your caseworker would help you access more intensive supports. These could be specialized employment services if you have a disability. Your caseworker may also refer you to other services and supports you may need before you can prepare for work, such as addiction treatment, housing, or child care.

The services and supports you receive would be matched to your individual needs and would help you build a path toward employment or greater participation in the community.

If you are a member of a First Nations community, your social assistance administrator would have the flexibility to define appropriate employment-related activities for you. These could include taking part in cultural or community development activities that can build your skills, especially where job opportunities are scarce.

Employment services would focus much more than they do now on building relationships with employers and marketing your skills to help you find a job. You may also receive support to pursue alternative forms of employment, such as self-employment, social purpose enterprises, or peer-led employment and training programs, especially if you have very little work experience and face barriers to employment.

Pathway to Employment Plans

Working closely with your caseworker, you would develop a Pathway to Employment Plan. This would replace the Participation Agreements now used in Ontario Works. The new name emphasizes that moving into employment is a journey, not a leap. People will take different pathways and have different needs for help along the way.

Your Pathway to Employment Plan would show what the system expects you to do—and what you can expect the system to do for you. It would set out your employment goals and the steps that you will take to reach them. It would also specify the services and supports you will need and when you will need them. These may be employment-related, or they may be other supports such as housing or child care. Your plan would be a "living" or dynamic document, revised and updated over time. It would highlight your accomplishments and the progress you make toward achieving your goals.

Your Pathway to Employment Plan would show what the system expects you to do—and what you can expect the system to do for you.

The challenges you face in your life would be taken into account as an essential part of developing your plan. For example, if you are a person with a disability who cannot work or cannot work full time, your plan would not require you to do so. Your plan would be based on what you are able to do, and have agreed to do, in consultation with your caseworker.

In order to receive income support, you would be expected to participate in the activities you committed to in your Pathway to Employment Plan to prepare for and find work. If you can't participate (for example, because you are a full-time caregiver, a sole-support parent with pre-school children, or have medical problems), you may be granted a temporary deferral. This would be the same as the policy in Ontario Works now. If you are a person with a disability, in the short term you would not be penalized for failing to meet the commitments set out in your plan. This is because Pathway to Employment Plans are a big change from the current system, new supports must be put in place, and caseworkers need to gain experience in managing the new system as it relates to people with disabilities.

Getting the benefits you need

The benefit structure would be much simpler than it is now. For example, many of the eligibility rules now in place would be eliminated.

In the new system, the benefit structure would be made up of simple building blocks that would be easy to understand. Administration would also be easier, which would free up your caseworker to spend more time working with you to get the help you need.

Building blocks

The first building block would be a standard rate for all adults. It would be a flat amount to cover basic needs and housing-related costs. This would replace the separate basic needs amounts, shelter allowances, and board and lodging rates in the current system, so you would not have to provide rent receipts every month. If you are living with another adult (a partner, roommate, or parent), you would receive a modified standard rate, which would be 86 per cent of the standard rate. This rate reflects the cost savings from sharing accommodation and expenses.

The second building block would be a disability supplement that you would receive on top of the standard rate if you are a person with a disability. Initially, the supplement would bring your income up to the current ODSP rate. This recognizes the higher living costs associated with living with a disability and the barriers to employment that people with disabilities face. The current ODSP definition of "disability" would be used to determine your eligibility for the supplement.

The disability supplement is an example of a transition step that we need to take within social assistance to achieve our longer-term vision. In a fully transformed system, all people with disabilities who have low incomes would receive a disability benefit, whether they are working or receiving social assistance.

The third building block would be uniform supplements for children and sole-support parents. These would be provided to you, if you have children, on top of the standard rate. There would be a flat amount per child and a supplement for sole-support parents. In a fully transformed system, all support for children would be provided outside the social assistance system through children's benefits for all low-income families with children. The federal and provincial governments have already made significant progress toward this goal through the Canada Child Tax Benefit, including the National Child Benefit Supplement, and the Ontario Child Benefit.

Setting rates

The adequacy of rates would be improved, over time, through a combination of the standard rate, tax credits provided outside social assistance, and an earnings exemption.

The government would develop a clear system for setting and updating rates that helps balance three objectives:

- Adequacy, so that you can obtain nutritious food, secure housing and other basic necessities, no matter what region of the province you live in;
- Fairness, so that a low-income person who is working is not at a disadvantage compared with a person receiving social assistance;
- Financial incentive to work, so that you can see a rise in your standard of living when you take a job or work more hours.

The adequacy of rates would be improved, over time, through a combination of the standard rate described above, tax credits provided outside social assistance, and an earnings exemption. As a first step, the lowest rate in the system—the rate (at the time of implementation) for single adults receiving Ontario Works—would be increased by $100 a month. In addition, all recipients would be allowed to earn $200 a month without affecting their social assistance benefits.

Special benefits

The approximately 30 special benefits in the current system would be greatly streamlined.

All social assistance recipients would receive the same health-related benefits, including basic dental care for adults. In a fully transformed social assistance system, prescription drug, dental, and other health benefits would be available outside social assistance to all low-income Ontarians.

The Special Diet Allowance (SDA) helps some social assistance recipients afford healthy food and other necessities. However, these are basic needs that should be met through the standard rate, rather than a special allowance that people need to apply for. In other words, everyone receiving the standard rate should be able to afford a healthy, nutritious diet. If you receive support from SDA for nutritional supplements because you suffer from unintentional weight loss as a result of conditions such as human immunodeficiency virus (HIV) or Huntington disease, in the new system you would receive this support through the Ministry of Health and Long-Term Care (MOHLTC). The SDA would be eliminated as a separate benefit and the funding now spent on SDA, except for that portion required by MOHLTC for nutritional supplements, would be reinvested in the standard rate to help improve adequacy.

The funding for other non-health related special benefits would go to your local municipality or First Nations administrator and would no longer exist as separate benefits. Your local municipality or First Nations administrator would have the flexibility to decide how to spend this funding to help you with employment (e.g., work clothing, tools or travel expenses) or other needs (e.g., moving expenses, household repairs, child care to attend medical appointments). This pool of funding would help municipalities and First Nations provide more support to people who have greater needs.

Definition of "spouse"

If you are in a spousal relationship, your eligibility for social assistance would continue to be determined based on your combined income and assets. However, the new definition of spousal relationship would be that you have lived together as a couple for one year (not three months, as it is now).

Child support

In cases where parents are living apart, the rules regarding child support would be changed to provide an incentive to pursue child support without enforcing it as a mandatory requirement. If you receive child support payments, they would be treated as earned income. This means that your social assistance benefits would be reduced by 50 cents per dollar of child support received, rather than dollar per dollar as is now the case. You would be able to choose whether or not to pursue child support, depending on your individual family circumstances. If you chose to do so, Family Support Workers would be available to help you.

Asset rules

In the new system, the liquid asset limits would be the same for all social assistance recipients – $5,000 for a single individual and $7,500 for a couple (the current ODSP limits). If you have savings in a Registered Retirement Savings Plan, a Registered Education Savings Plan or an Individual Development Account, these would be exempt, up to a total of $60,000, from the calculation of your assets.

In the new system, the liquid asset limits would be the same for all social assistance recipients.

First Nations would have greater flexibility to determine appropriate asset rules to take into account their unique community needs (e.g., exempting assets such as sleds, canoes or hunting equipment). Northern municipalities would also have the discretion to determine whether certain assets are vital to living in remote northern communities and should be exempt.

Developing a new system culture

You would notice changes in the system's overall culture. First and foremost, you would not be categorized based on whether you have a disability. The important things would be what you can do, what you want to do, and what supports you need to achieve your goals for employment or greater participation.

The new system would focus less on "policing" and administering rules and more on helping you access the services and supports you need. Simplifying the benefit structure, as described above, would eliminate all kinds of rules and the need to intrude into your living arrangements. Your Pathway to Employment Plan would provide you with a valuable employment planning tool and promote greater collaboration between you and your caseworker.

This new culture would treat people with greater dignity and respect and reduce the stigma of being "on assistance."

Your information would be verified in a much more straightforward manner. For example, you would have the option of reporting changes in your circumstances online, and you would only have to report when there is a change in your monthly income.

There would be more opportunities for people with lived experience to have a say in how the system is working and how it should be improved. Examples include participating on a stakeholder advisory body that would advise the Provincial Commissioner for Social Assistance (who would be accountable for the social assistance system); working as peer navigators in social assistance offices to help other recipients; and providing input through client surveys.

Taken together, all of these changes would contribute to developing a new system culture over time. This new culture would treat people with greater dignity and respect and reduce the stigma of being "on assistance."

Summary of Recommendations

Chapter 1: Enabling Employment

Providing more effective services and supports to help all recipients achieve more sustainable employment

1. We recommend that people with disabilities receiving social assistance be provided with equitable access to the range of employment services and other supports available to people without disabilities, as well as with access to specialized disability-related supports.
2. We recommend making available a range of integrated high-quality pre- and post-employment services and supports, tailored to individual needs, which have been designed based on research and best practices.
3. We recommend enhancing the capacity of municipalities and First Nations to learn about and consistently provide high-quality services and supports.
4. We recommend linking with the B.C. Centre for Employment Excellence and exploring the creation of an Ontario organization dedicated to employment services research and innovation.
5. We recommend that the Province develop a strategy for supporting and enhancing alternative forms of employment for social assistance recipients, such as self-employment, social purpose enterprises, and peer-led employment and training programs.
6. We recommend that the next phase of Ontario's Comprehensive Mental Health and Addictions Strategy, which will focus on adults, be accelerated, identify employment as a key outcome for the strategy, and develop service models that integrate treatment and employment programs.
7. We recommend that a standard way of defining the needs of different segments of social assistance recipients, based on a "distance from the labour market" approach, be developed and used across social assistance and the provincial employment and training system.

Introducing a more collaborative approach to employment planning for recipients

8. We recommend that the system adopt a more collaborative approach to working with social assistance recipients to plan for employment. This approach should include replacing Participation Agreements with Pathway to Employment Plans for all recipients, including people with disabilities. These plans should identify recipients' employment goals and planned activities, as well as the services and supports that will be provided to support their progress along the way.

9. In order to recognize the unique circumstances of First Nations, we recommend that they be given the flexibility to define appropriate employment-related activities for social assistance recipients in their communities, consistent with provincial objectives.

10. We recommend that in order to receive income support, social assistance recipients be required to participate in activities related to preparing for and finding work as set out in their Pathway to Employment Plans. Plans should be realistic and take into account the circumstances of individual recipients, including the barriers to employment they may face.

11. Given that Pathway to Employment Plans reflect a significant change from the current system, that a new range of supports must be put in place, and that administrators and caseworkers need to gain experience in managing the new system as it relates to people with disabilities, we recommend that people with disabilities not be penalized, in the short term, for failing to meet the commitments set out in their plans.

Drawing on the experience of social assistance recipients

12. We recommend that municipalities and First Nations hire social assistance recipients as peer navigators to help guide other recipients.

Strengthening employment services and promoting the hiring of recipients

13. We recommend that the Province work with municipalities, employment service providers, and other key stakeholders to develop provincial standards and best practices for the provision of employment services, including a strong focus on job development/marketing to find jobs for social assistance recipients and, where needed, post-employment supports for employers and recipients.

14. We recommend that the Province support employer-driven initiatives and the establishment of employer councils to advise on employment services design and to facilitate testing of sector-specific models.

15. We recommend that the Province partner with corporate leaders to champion the hiring of people with disabilities.

16. We recommend that the Province, municipalities, and not-for-profit organizations lead by example in hiring more people with disabilities and other social assistance recipients.

Improving access to services and supports for all recipients

17. We recommend that Ontario Works and ODSP be replaced by one integrated program that provides individualized services and supports to all social assistance recipients.

18. Since locally provided human services (e.g., child care, housing) have proven effective, we recommend that the Province give municipalities and First Nations responsibility for the management and delivery of the integrated social assistance program.

19. Given that, in previous situations of staff transfers between orders of government, staff have been able to follow their jobs for a prescribed period of time, we recommend that the parties involved – the provincial and municipal governments, the Ontario Public Service Employees Union (OPSEU), the Association of Management, Administrative and Professional Crown Employees of Ontario (AMAPCEO), and the Canadian Union of Public Employees (CUPE) – examine such precedents and models for job security.

20. Recognizing the importance of integrating employment services with other human services, we recommend that municipalities and First Nations continue to be responsible for employment services for social assistance recipients.

21. We recommend that eligibility criteria be revised to increase access for social assistance recipients to all Employment Ontario programs where not restricted by the Canada-Ontario Labour Market Development Agreement.

22. We recommend that the Province expand the number of municipalities, where there is interest and capacity, designated as Employment Ontario deliverers.

23. We recommend that municipalities be full partners with the Province in managing and planning employment services in their communities.

24. We recommend that the Province work closely with First Nations administrators and communities to develop capacity to provide employment assistance in First Nations communities where it is not currently provided. To help facilitate this, the Province should establish clear processes and timelines for expanding the number of First Nations that provide the full range of employment services.

25. We recommend that the Province work closely with First Nations administrators and communities to build capacity to enable effective delivery of the new integrated social assistance program and to improve access to medical assessments to support applicants for the disability supplement.

Chapter 2: Building a Better Benefit Structure

Establishing a new standard rate and two other supplements of a simplified rate structure, as initial steps toward a fully transformed system

26. We recommend that the current complex rate structure be replaced with simple building blocks:

- A standard rate (a flat amount covering basic needs and housing-related costs) for all adults, with future increases to reflect the differences in living costs across Ontario, as the basic unit of income support in social assistance;
- A disability supplement, on top of the standard rate, to be provided to people with disabilities;
- A uniform children's supplement, on top of the standard rate, to be provided to families with children, consisting of a flat amount per child, and a uniform sole-support parent supplement to be provided to sole-support parents.

Developing a rate methodology and transparent benchmarks for the standard rate

27. We recommend that the Province adopt a rational methodology to provide the necessary information for setting social assistance rates in a manner that aims to achieve a balance among three objectives: adequacy of rates to cover healthy food, secure housing, and other basic necessities; fairness between social assistance recipients and people with low-incomes who are working; and financial incentive to work.

28. We recommend that the Province develop a new Basic Measure of Adequacy (BMA), based on the costs of food, clothing and footwear, a basic list of personal and household needs, transportation, and shelter, taking into account the differences in the costs of these items in different Ontario regions, including the region north of the 50th parallel, and use this BMA as a benchmark for the adequacy of social assistance rates.

29. We recommend that, through the upcoming review of minimum wage, the Province link changes in the minimum wage to Ontario's economic performance, labour market outcomes, and earnings distribution, so that the minimum wage can be used as an appropriate reference wage in the methodology for setting social assistance rates. Pending the outcome of that review, the current minimum wage should be used as the reference wage.

30. We recommend that the Province undertake more research into the impact of benefit withdrawal rates on work incentive to provide a better basis on which to establish a benchmark for the rate of withdrawal of social assistance benefits.

31. We recommend that the Province establish an advisory group with a mandate to assist in the work on benchmarks and make recommendations to the Minister on rates and the processes for making rate adjustments. This group could be linked to the individual or group charged with the review of the minimum wage.

Making progress toward providing social assistance recipients with at least the BMA level of income (based on the standard rate, existing tax credits provided outside social assistance, and maximum employment income that can be earned without triggering a reduction in social assistance benefits)

32. We recommend that, initially, the Province set the standard rate at $100 per month over the rate, at the time of implementation, for a single adult renter receiving Ontario Works. The standard rate should be adjusted in the future, with changes to the minimum wage and tax credits, to move recipients closer to the BMA level.

33. We recommend that the Province allow all people receiving social assistance to earn an additional $200 per month in employment earnings without affecting their benefits.

Establishing a modified standard rate for recipients who share accommodation

34. In order to recognize cost savings from sharing accommodation and expenses, we recommend that a person receiving social assistance who is living with one or more other adults receive a modified rate, equal to 86 per cent of the standard rate, regardless of the nature of the relationship between them.

35. In order to simplify the "Living with Parents" rules in the current system, we recommend that adults who meet the definition of a person with a disability under ODSP who live with their parents, and adults without disabilities who live with their parents where a parent is also receiving social assistance, be automatically deemed financially independent of their parents and treated as applicants in their own right. If they qualify for social assistance, they should receive the modified standard rate.

36. We recommend that adults without disabilities who live with their parents, where the parents are not receiving social assistance, continue to be required to meet a test of financial independence, in addition to meeting other eligibility requirements, in order to be eligible for assistance.

Defining the other building blocks and fully transforming the system by moving them outside social assistance as new benefits

37. In order to avoid creating new barriers, we recommend that the Province not introduce any new benefits within the social assistance system without also making them available to all low-income Ontarians who are not receiving social assistance.

38. As a priority, we recommend that the Province introduce a new disability benefit, outside social assistance, for all low-income working Ontarians with disabilities.

39. We recommend that all people applying for or receiving social assistance who meet the current definition of disability used in ODSP receive the disability supplement, with the Province responsible for the eligibility determination process.

40. We recommend that, initially, the disability supplement be valued so that a recipient's combined income from the standard rate and the disability supplement is equivalent to the maximum rate, at the time of implementation, for a single adult (renter) receiving ODSP.

41. We recommend that, until a disability benefit outside social assistance is introduced, people with disabilities who are exiting social assistance for employment be permitted to retain a portion of the disability supplement they receive through social assistance.

42. We recommend that the federal and provincial governments continue to enhance children's benefits for all low-income families so that support for children can be removed entirely from the social assistance system. In addition, as part of its work to develop a Basic Measure of Adequacy and equivalence scales, we recommend that the Province consider the longer-term role and value of the sole-support parent supplement, which is provided within social assistance but not outside the system.

43. We recommend that all families receiving social assistance who have children receive the uniform children's supplement, consisting of a flat amount per child.

44. We recommend that all sole-support parents receiving social assistance receive the uniform sole-support parent supplement.

45. We recommend that the value of the uniform supplements for children and sole-support parents not result in a decrease in support to sole-support parents receiving Ontario Works at the time of implementation, after taking into account the value of the standard rate and the planned Ontario Child Benefit increases.

46. We recommend that full responsibility for both Temporary Care Assistance and Assistance for Children with Severe Disabilities, currently programs within social assistance, be transferred to the Ministry of Children and Youth Services because they are more closely aligned with that ministry's areas of responsibility and expertise.

47. We recommend that the Province examine ways to make prescription drugs, dental, and other health benefits available to all low-income Ontarians given that the availability of these benefits outside social assistance is an integral part of the fully transformed system.

Simplifying special benefits

48. We recommend that, initially, health-related special benefits such as adult dental care be harmonized and provided consistently to all social assistance recipients in all municipalities.

49. We recommend that, in the long term, responsibility for all health-related special benefits for people receiving social assistance be transferred to the Ministry of Health and Long-Term Care.

50. We recommend that nutritional supplements for people with unintentional weight loss be provided by the Ministry of Health and Long-Term Care, using the funding for these supplements currently provided through the Special Diet Allowance (SDA). We further recommend that the SDA be eliminated as a separate benefit, and the remaining SDA funding be reinvested into the standard rate to help improve adequacy.

51. We recommend that the existing funding for employment-related benefits be consolidated into a block fund and transferred to local administrators for their discretionary use in meeting recipients' needs. The current funding for the Work-Related Benefit in ODSP should not be included in this block fund, but rather reinvested into the standard rate.

52. We recommend that a block fund be established from existing funding for other special benefits that are not related to health or employment, and that this block fund be transferred to local administrators for their discretionary use in covering such expenses for recipients.

53. We recommend that funding for the special benefits to be incorporated into the block funds not be reduced.

Considering a housing benefit

54. We recommend that, if a housing benefit is introduced, the Province make the benefit available to all people with low-incomes, not exclusively to social assistance recipients; deliver the benefit through administratively efficient means (the Ontario Trillium Benefit may be a good example); and in designing the benefit, take into account the impact of marginal effective tax rates.

Making the definition of "spouse" consistent with the *Income Tax Act*

55. We recommend that eligibility for social assistance for individuals in a spousal relationship continue to be determined based on combined income and assets; however, consistent with the definition in the *Income Tax Act*, we recommend that the definition of a spousal relationship be changed from three months of living together as a couple to one year of living together as a couple.

Harmonizing the rules on gifts

56. We recommend that all gifts received by social assistance recipients in the form of goods and services be fully exempt as income; infrequent or non-regular gifts of cash be exempt to a maximum of $6,000 per year; and gifts of cash to cover an extraordinary cost, such as a home repair or furniture replacement, be fully exempt and not count toward the $6,000 limit.

Harmonizing the rules on self-employment income

57. We recommend that for all social assistance recipients, income from self-employment be subject to the same benefit withdrawal rate as applies to employment income.

Improving the rules on child support

58. We recommend that child support payments received by social assistance recipients be treated as earned income (i.e., subject to an earnings exemption of 50 per cent instead of the current 100 per cent deduction), thus providing an incentive to pursue child support.

59. We recommend that social assistance recipients be allowed to choose whether or not to pursue child support, based on their individual family circumstances.

60. We recommend that Family Support Workers be available to help social assistance recipients who wish to pursue child support.

Simplifying asset rules and helping recipients become more financially resilient

61. We recommend that the Province take immediate steps to harmonize the liquid asset rules, so that a maximum of $5,000 for a single individual and $7,500 for a couple will apply equally to all social assistance recipients.

62. We recommend that, once the liquid asset rules have been harmonized, the Province assess empirically whether the increase has had a demonstrable impact on caseload growth and on recipients' ability to exit social assistance. We further recommend that if the higher asset limits have not resulted in a significant net caseload increase, the asset limits be further raised.

63. We recommend that the Province introduce a total allowable exemption for Registered Retirement Savings Plans, Registered Education Savings Plans, Individual Development Accounts, and other long-term savings vehicles from the calculation of assets, to a maximum of $60,000, in determining eligibility for social assistance.

64. We recommend that, to eliminate unnecessary administration, the Province exempt all primary vehicles from the calculation of assets for all social assistance recipients.

65. We recommend that the Province allow First Nations and northern municipalities greater flexibility in determining asset rules to take into account their unique community needs.

Addressing interactions between social assistance and other provincial programs

66. Given that the new standard rate would not include a separate shelter amount, we recommend that rents for social assistance recipients residing in Rent-Geared-to-Income units no longer be based on rent scales, but rather on 30 per cent of household income (as it is for residents who are not receiving social assistance), including income from social assistance benefits, net of earnings exemptions (the "clawback").

67. We recommend that the Ministry of Health and Long-Term Care and the Ministry of Community and Social Services address the complex interaction between the Northern Health Travel Grant and social assistance.

Chapter 3: Strengthening Accountability

Ensuring that the social assistance system is accountable

68. We recommend that the Province define outcomes regarding employment services and supports, grounded in the overall objective of helping to support people in contributing to the labour force or the community to the maximum of their individual potential, and ensure that the intended outcome of employment assistance is to help people achieve more sustainable employment.

69. We recommend that specific targets be developed for each service delivery area, incorporated into service agreements between the Province and individual municipalities and First Nations, setting out the expected size of the caseload and taking into account the entire continuum of recipients' needs and their potential to contribute to the labour force or the community.

70. We recommend that performance measures against defined outcomes be developed together with municipalities and First Nations, recipients, employers, community agencies, and others as needed to ensure that these measures are sound and appropriate.

71. Where municipalities and First Nations use third parties to deliver employment services, we recommend that funding agreements consist of base funding and performance-based funding, with clear outcomes and targets designed to ensure that people with disabilities and others who face the greatest barriers to employment receive the services and supports they need.

72. We recommend that baseline and outcome data be collected to provide the basis for evaluating how well the social assistance system is addressing the needs of recipients, including individuals in the higher-risk groups identified in the Poverty Reduction Strategy.

73. We recommend that each municipality or First Nation develop an annual performance report highlighting progress against their targets.

74. We recommend that the Province prepare and release to the public a plain language consolidation of municipal and First Nations performance reports as an annual "report card" on Ontario's social assistance system.

75. We recommend that the annual report card be accompanied by an assessment of the social assistance system that identifies trends, strengths, and areas in need of improvement and sets out a plan for the coming years.

76. We recommend that the annual report card assess the implementation of the transformation of the social assistance system and be included as part of the government's legislated annual report on the progress of the Poverty Reduction Strategy.

77. To lead the transformation and be the clear point of accountability for social assistance, we recommend that the Province appoint a senior public servant as the Provincial Commissioner for Social Assistance (the Provincial Commissioner), with the position carrying the rank of associate deputy minister.

78. We recommend that the Provincial Commissioner have responsibility for the operation of the social assistance program and management of its budget.

79. We recommend that, in consultation with municipalities, First Nations, and others, the Provincial Commissioner lead the process of establishing performance measures. We further recommend that the Provincial Commissioner be responsible for coordinating data collection, evaluation, and research activities, and for reporting on the performance and integrity of the system as a whole.

80. We recommend that service agreements clearly describe roles and responsibilities in social assistance, including those of the Province in establishing system outcomes and standards and disseminating best practices and those of municipalities and First Nations in achieving targets related to outcomes and performance measures.

81. We recommend that each municipality or First Nation designate a senior official to assume overall responsibility for local management and delivery of social assistance and to serve as a clear point of contact for the Provincial Commissioner.

82. We recommend that the Province establish a coordinating council of representatives of municipalities and First Nations, chaired by the Provincial Commissioner and supported by a dedicated secretariat, to oversee system performance and improvement.

83. We recommend that the Province establish a stakeholder advisory body, made up of people receiving social assistance, advocates, employers, labour representatives, community agencies, and others as appropriate. This body would advise the Provincial Commissioner, track the implementation of reforms, and monitor the ongoing evolution of the system.

84. We recommend that the Province broaden the mandate of the Poverty Reduction Results Table to include oversight of the progress of social assistance transformation.

85. We recommend that the Province ensure that the Provincial Commissioner has the clear authority to intervene if municipalities and First Nations are not meeting their targets, or if audits or evaluations reveal problems that are not being addressed.

Ensuring an effective and efficient approach to compliance

86. We recommend that as the new Eligibility Verification Process is fully implemented, ongoing eligibility reviews move to a more risk-based approach, where thresholds for reviews are based on the actual risk profile of recipients rather than on a percentage of cases.

87. We recommend that the Provincial Commissioner, in consultation with municipalities and First Nations, develop an overall risk management plan for social assistance that identifies the appropriate level of risk tolerance for the system and provides for continuous review of the compliance regime.

88. As a priority, we recommend that the Province undertake to address the backlog of medical reviews for ODSP recipients and commit to performing ongoing medical reviews to improve accountability.

89. We recommend that the Province improve its information-sharing agreements among ministries and with other orders of government with a view to reducing the need for paper documentation in the course of verifying and reviewing eligibility for social assistance.

90. We recommend that the Province extend to all social assistant recipients the exception-based reporting model currently in place for ODSP recipients without earnings, so that all recipients are only required to report when there is a change in their monthly income.

91. We recommend that the Province offer social assistance recipients the option of reporting changes in their circumstances online.

Chapter 4: Acting on Income Security

92. We recommend that the Province engage the federal government in further enhancing children's benefits and in partnering to introduce a disability benefit outside social assistance.

93. We recommend that, in concert with the work of its Jobs and Prosperity Council, the Province develop a comprehensive human capital development strategy. We further recommend that the Province work through the Forum of Labour Market Ministers to help ensure that provinces and territories have the data and evidence base to guide the development of appropriate labour market strategies.

94. Given that rising income inequality imposes a social and economic burden on Canadians, we recommend that the Province engage the federal government to help initiate a review of rising income inequality and the increasing inability of the tax-transfer system to address it as it has in the past.

95. We recommend that the Province undertake a broad review of existing benefits and tax transfers with a view to improving their ability to provide secure incomes to low-income Ontarians. This review should propose changes designed to better integrate benefits and tax transfers in order to lower administrative costs and marginal effective tax rates.

96. Since better integration of benefits and taxes is a Canada-wide issue, we recommend that the Province engage the federal government and other provinces to help initiate a broader review of the benefit and tax-transfer system.

97. Given that there are a number of policy areas at the federal level that have an impact on social assistance, such as Employment Insurance, immigration, and the Working Income Tax Benefit, we recommend that the Province continue in its efforts to work with the federal government and municipalities to address policy concerns in these areas.

98. We recommend that the Province urge the federal government to introduce a supplement or other pre-payment program, within Employment Insurance and Canada Pension Plan Disability, to provide support to people awaiting determination of eligibility or receipt of benefits who may otherwise need to apply for social assistance in the interim.

Chapter 5: First Nations and Social Assistance

99. We recommend that First Nations and the federal and provincial governments undertake discussion of the range of funding issues arising from the implementation of our recommended reforms and the implications for the 1965 Indian Welfare Agreement.

100. We recommend that tripartite discussions take place, at a senior level, to explore the potential to establish a greater role for First Nations in designing and managing the social assistance system in their communities, consistent with the principles articulated in Resolution 91/34 of the All Ontario Chiefs' Assembly.

Chapter 6: Implementing Change and Early Priorities

101. Since transformation will be incremental, we recommend that each change set the stage for the new directions recommended in this report and not simply reinforce the status quo.

102. As part of its implementation plan, we recommend that the Province establish a framework (or frameworks) to assess the impact of changes on different groups.

103. We recommend that the Province grandparent current recipients who could otherwise be adversely affected by the introduction of the standard rate for single adults, the modified standard rate for couples and others who share accommodation, and the uniform supplements for children and sole-support parents.

104. We recommend that the Province move forward as quickly as possible and practical to implement the following priorities:

Moving forward on employment for people with disabilities

- Establish a new program that supports all recipients to move into employment to the maximum of their abilities:
  - Introduce Pathway to Employment Plans as a key enabler of individualized support;
  - Transfer ODSP delivery to municipalities.
- Partner with corporate leaders to champion the hiring of people with disabilities.
- Accelerate the implementation of the adult phase of the Comprehensive Mental Health and Addictions Strategy with a focus on employment as a key outcome.

Moving forward on better services and supports

- Working with Employment Ontario and municipalities, develop a standard way of defining the needs of different segments of social assistance recipients to determine appropriate services and supports.
- Pilot improvements to employment programs:
  - Introduce peer-led employment and training programs;
  - Develop stronger post-employment supports;
  - Implement new performance-based funding arrangements with third-party deliverers.
- Strengthen the involvement of employers:
  - Initiate employer councils in a cross-section of communities to provide input to program improvement;
  - Work with municipalities, employment service providers, and other key stakeholders to redefine and strengthen the job developer/marketer role.
- Support integrated delivery of human services, including social assistance, child care and housing:
  - Pilot alternative ways for funding municipalities to deliver integrated services;
  - Create a working group involving the relevant ministries, municipalities, and the Information and Privacy Commissioner to address barriers to integrated services delivery resulting from information-sharing and privacy frameworks;
  - Revise the definition of "spouse" in social assistance to align it with the definition in the *Income Tax Act*.

Moving forward on simplifying benefits

- Establish the new building blocks:
  - Implement a new standard rate for all adults, initially set, at the time of implementation, at $100 more per month than the Ontario Works rate for single adults;
  - Implement a modified standard rate of 86 per cent of the standard rate for adults who share accommodation;
  - Implement a disability supplement, on top of the standard rate, for people with disabilities;
  - Implement uniform supplements for children and sole-support parents.
- Revise the treatment of earnings:
  - Introduce an earnings exemption of $200 per month;
  - Treat child support payments as earned income (for benefit withdrawal purposes), and remove the mandatory requirement to pursue child support;
  - Treat net income from self-employment as earned income (for benefit withdrawal purposes) for all recipients.
- Reform special benefits:
  - Harmonize the health benefits in Ontario Works and ODSP, so that all recipients receive the same benefits, and modernize delivery;
  - Pilot the consolidation of employment-related special benefits and other special benefits (not related to health or employment) into block funds for the flexible and discretionary use of municipalities and First Nations administrators in responding to recipients' needs;
  - Eliminate the ODSP Work-Related Benefit and reinvest the funding into the standard rate.
- Eliminate the Special Diet Allowance (SDA) and transfer the appropriate level of funds to the Ministry of Health and Long-Term Care to establish a nutritional supplement program for people requiring calories and/or protein supplementation owing to unintentional weight loss. Reinvest the remaining SDA funding into the standard rate.
- Replace the rent scales for Rent-Geared-to-Income (RGI) housing with rent based on 30 per cent of household income, including income from social assistance, net of the "clawback," for social assistance recipients residing in RGI units.

Moving forward on a rate methodology

- Establish the advisory group to assist in the work on benchmarks, rates, and the process for making rate adjustments.
- Begin collecting survey data to construct a Basic Measure of Adequacy.
- Through the Province's upcoming review of minimum wage, link changes in the minimum wage to the province's economic performance, labour market outcomes, and earnings distribution, so that the minimum wage can be used as an appropriate reference wage in the social assistance rate methodology.

- Examine the impact of benefit withdrawal rates on the financial incentive to work to provide a better basis on which to establish the rate of withdrawal of social assistance benefits.

Moving forward on changing asset rules

- Set liquid asset limits for all recipients at the levels currently in place for ODSP benefit units. Increase the maximum total exemption for longer-term savings vehicles, such as RRSPs, RESPs and IDAs, to $60,000. Exempt all primary motor vehicles, regardless of value.
- Empirically assess whether changes to the liquid asset rules for Ontario Works recipients have a demonstrable impact on caseload growth and ability to exit social assistance.

Moving forward on accountability

- Establish the position of Provincial Commissioner for Social Assistance to lead change.
- Establish the coordinating council of representatives of municipalities and First Nations and the stakeholder advisory body.
- Working with designated leads at the local level as part of the coordinating council, begin the process of identifying outcomes and performance measures and determining data collection and research priorities.
- Broaden the mandate of the Poverty Reduction Results Table to include oversight of the progress of the transformation of social assistance.
- Accelerate efforts to reach information-sharing agreements among ministries and with other orders of government to reduce the need for paper documentation in the course of verifying and reviewing eligibility for social assistance.
- Introduce exception-based reporting of material changes in circumstances for all social assistance recipients.

Moving forward on income security

- Develop a multifaceted strategy for engaging the federal government on the enhancement of children's benefits and the introduction of a disability benefit outside social assistance, as well as on the range of income security issues identified in the recommendations.
- Undertake a broad review of existing benefits and tax transfers with a view to improving their ability to provide secure incomes to people with low incomes.
- In concert with the work of the Jobs and Prosperity Council, initiate a comprehensive human capital development strategy.

Addressing the financial implications of early implementation priorities

105. We recommend that the Province set a target for administrative savings that should be achieved as a result of integrating Ontario Works and ODSP and implementing the simplified rate structure, and vigorously undertake medical reviews, with the resulting administrative and program savings to be reinvested in employment services and supports.

106. We recommend that in addition to the reallocation of the savings from the elimination of the Special Diet Allowance and the ODSP Work-Related Benefit, the Province make additional new investments to fund benefit structure implementation priorities.

Addressing the long-term costs of transformation

107. We recommend that the Province invest the fiscal savings, tax revenues and economic returns from slower growth in the overall caseload in the longer-term transformation of social assistance. We further recommend that the Province set a target for reducing the rate of growth in the number of people with disabilities receiving social assistance, and that the savings arising from these caseload growth reductions be invested, as a priority, in the introduction of a disability benefit outside social assistance.

Chapter 7: The Costs of Poverty and Return on Investment

108. We recommend that the Province develop return on investment indices that can be used in measuring the benefits of changes in social assistance in order to allow comparison of those returns with the costs of policy action.

Chapter 1: Enabling Employment

> *As a former Ontario Works recipient and current user of mental health supports it is my belief that meaningful daily or weekly activity increases self-esteem, improves mood and offers hope. Often through volunteer work networking occurs and paid employment can happen. Meaningful work/volunteer activity allows a person to see themselves beyond disability. I believe there is a job for everyone. We just need to be creative!*
>
> –From a submission

Introduction

For most of us, a multitude of benefits flows from finding a good job or productively contributing to our communities: increased independence, a sense of wellbeing, new networks, further opportunities, and the ability to plan for the future. For people who are able to work, employment is also a key route to escaping poverty. This is why the focus of our review was on removing barriers and increasing opportunities for people to work.

Our mandate asked us to "make recommendations that will enable the government to … place reasonable expectations on, and provide supports for, people who rely on social assistance with respect to active engagement in the labour market and participation in treatment and rehabilitation."[6] The Terms of Reference for the review also made it clear that social assistance must "guarantee security for those who cannot work."[7]

In the course of the review, we determined that three main goals are critical to improving employment outcomes for social assistance recipients:

- Providing effective services and supports, at the right level for each individual;
- Focusing on employers' needs;
- Improving access to services.

Effective services and supports

Meeting the range of needs

Although there is very little data that tracks social assistance recipients in Ontario over time (we make recommendations to change this in Chapter 3), we know from our analysis of a cohort of recipients followed from 2003 to 2009 that 74 per cent of people receiving Ontario Works left the program within one year and 26 per cent received Ontario Works for more than one year. Of the people who exited the program within a year, about 43 per cent did not return to social assistance during the study period and about 57 per cent subsequently returned.[8]

As we learned through our discussions with municipalities and First Nations, the group of long-term Ontario Works recipients (just over a quarter of recipients in the study cited above) is made up of people with multiple barriers to employment and people with disabilities, including people with undiagnosed mental illnesses or learning disabilities. About 70 per cent of people who apply to the Ontario Disability Support Program (ODSP) have been receiving Ontario Works.

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[6] See Appendix D, Terms of Reference, in Outcomes.

[7] See Appendix D, Terms of Reference, in Vision.

[8] See Appendix F, Trends in Social Assistance Reform.

Barriers to employment may stem from disability or a variety of other circumstances, such as lack of child care, homelessness, addiction, and racism. Many years of living in poverty also creates barriers. A recurring example we heard about in our discussions with social assistance recipients was not being able to afford needed dental work and the impact this has on health, self-confidence, and employment prospects. Other experiences often described to us were depression and social isolation.

The high rate at which people return to Ontario Works is due, in part, to the nature of the labour market and the prevalence of temporary and low-wage jobs. However, it may also point to the inadequacy of current services in preparing social assistance recipients for more sustainable employment and providing integrated supports to address barriers to employment.

> *There seems to be people that are lost in the grey area where they don't qualify for disability but do not possess the physical, social or emotional skills to be successful in the workplace. Those are the people that are getting lost and seen as the 'lifers' on social assistance. They need long-term, in depth help which is not available under the current system.*
>
> –From a submission

We have concluded that the current system is failing to meet the needs of people with multiple barriers to employment.

The system is also failing to provide the employment services and related supports that people with disabilities need to improve their employment prospects. When ODSP was established in 1998, there was hope that a new and separate program would better meet the unique needs of people with disabilities and provide more employment supports.[9] Almost 15 years later, it is clear that ODSP has not lived up to its expectations and has not fulfilled the employment aspirations of people with disabilities. Indeed, we found that there is little focus in ODSP on helping people with disabilities prepare for and find employment.

Table 1:

People with Disabilities in Ontario (Ages 25 to 54): Income and Labour Force Status, 2006

As this table shows, less than two-thirds of people with disabilities participate in the labour force in Ontario. Those who do have significantly lower incomes than do people without disabilities.

		People with Disabilities*	**People without Disabilities**
Average Employment Income[i]	Men	$42,781	$56,976
	Women	$29,069	$37,531
Average Total Income[ii]	Men	$35,671	$55,876
	Women	$25,266	$36,861
Labour Force Participation Rate[iii]	Men	67.3%	94.2%
	Women	61.0%	83.2%
Unemployment Rate[iv]	Men	8.4%	3.8%
	Women	8.7%	6.0%

Source: Human Resources and Skills Development Canada, Disability in Canada: A 2006 Profile, 2011, based on Statistics Canada, Participation and Activity Limitation Survey (PALS), 2006. http://www.hrsdc.gc.ca/eng/disability_issues/reports/disability_profile/2011/disability_profile.pdf.

*For youth and adults, the severity of disability is classified into four groups: mild, moderate, severe, and very severe. The table includes all four levels of disability. Participation rates decrease and unemployment rates increase with the severity of disability. For example, for Canada as a whole, labour force participation rates varied as follows: no disability (88.2%), mild disabilities (79.2%), moderate disabilities (70.3%), severe to very severe disabilities (51.9%). (This data is for the age group, 25 to 54).

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[9] One of the stated purposes of the Ontario Disability Support Program Act, 1997 is to provide employment supports to people with disabilities. See also the focus on employment supports for people with disabilities during the Second Reading of the Social Assistance Reform Act, 1997. For example, a "major theme we heard repeatedly during the engagement process was that people with disabilities do work, can work and want to work. So the … objective is to assist them towards that goal with practical employment supports that produce real and measurable results. The range of potential supports will be broader, from employment planning assistance and skills development through technological aids and devices to interpreters and ongoing job supports. The range is very wide and will be tailored to individual needs." www.ontla.on.ca/web/house-proceedings/house_detail.do?Date=1997-08-19&Parl=36&Sess=1&locale=en#P416_102500.

i Refers to the total income received during 2005 as wages and salaries, net income from unincorporated non-farm business and/or professional practice and net farm self-employment income. Those earning no employment income are excluded from employment income calculations.

ii Refers to the total income received during 2005 as wages and salaries, net income from unincorporated non-farm business and/or professional practice and net farm self-employment income, child benefits, Old Age Security pension and Guaranteed Income Supplement, benefits from Canada or Quebec Pension Plan, benefits from Employment Insurance, other income from government sources, retirement pensions and investment income. Those earning no total income are excluded from total income calculations.

iii The percentage of the population identified as either employed or unemployed and seeking employment relative to the entire population. Labour force participation rates are age-standardized.

iv The percentage of the population identified as unemployed and seeking employment relative to the population participating in the labour force. Unemployment rates are age-standardized.

The current social assistance system categorizes people based on whether they have a disability, and by extension, whether they should be actively encouraged and supported to work. This approach has the effect of stigmatizing people with disabilities as "unable to work" and fosters low employment expectations. In addition, the application process for ODSP requires applicants to provide detailed medical assessments to prove the severity of their disability and may take many months to conclude. The Organisation for Economic Co-operation and Development (OECD) and others observe that the often lengthy process of applying for disability benefits serves to emphasize incapacity and distance from the labour market, rather than capacity and aspirations for self-sufficiency.[10]

Many ODSP recipients told us that they want to work, and could work if they had the appropriate supports. We know that people with disabilities need equitable access to the same range of services and supports as do people without disabilities (skills upgrading, training, housing, child care, etc.). They may also need specialized supports related to their disability and workplace accommodation. (Later in this chapter, we talk about the need for integrated treatment and employment programs for people with mental illness and/or addiction.) The new system should support all social assistance recipients, including people with disabilities, to participate in the workforce to the maximum of their abilities.

RECOMMENDATION »

1. We recommend that people with disabilities receiving social assistance be provided with equitable access to the range of employment services and other supports available to people without disabilities, as well as with access to specialized disability-related supports.

We know from our discussions and research that a one-size-fits-all approach to employment services cannot respond to diverse life experiences, circumstances, strengths, and needs of individuals. A consensus has emerged in the research[11] on social assistance reform that employment outcomes improve and jobs are more sustainable, particularly for people with multiple barriers, where there are a number of key program features in place to support individual needs. Researcher Dean Herd has summarized these features as follows:

- *Increased outreach and targeting services to reach the most disadvantaged in the labour market and provide the most appropriate services;*
- *Improved screening and assessment tools to better identify participants' training and service needs and to ensure good job matches;*
- *Ongoing and strengths-based case management that goes beyond tracking to help participants set realistic goals, with manageable steps to achieve those goals;*
- *A continuum of pre- and post-employment supports to meet the multiple and complex needs of recipients and leavers;*
- *A "dual focus" on both clients and employers, with the goal to develop long term relationships with employers which include input into program design;*
- *Demand-led strategies in the form of industry-specific and sectoral projects that provide strong connections to employers and improved career advancement prospects; and*

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[10] OECD, *Sickness, Disability and Work: Breaking the Barriers – A Synthesis of Findings across OECD Countries* (Paris: OECD Publishing, 2010), p. 106: www.oecd-ilibrary.org/social-issues-migration-health/sickness-disability-and-work-breaking-the-barriers_9789264088856-en.

[11] See, for example (i) Pamela Meadows, *What Works for Tackling Worklessness* (London: London Development Agency, 2006); (ii) Anne Daguerre and David Etherington, *Active Labour Market Policies in International Context: What Works Best? Lessons for the UK*, Working Paper No 59, report of research carried out by Middlesex University on behalf of the Department for Works and Pensions (London: Department for Works and Pensions, 2009); (iii) Appendix F, Trends in Social Assistance Reform.

» *Local flexibility, within the context of overarching standards and sufficient funding, to support the local "buy-in" necessary for developing local solutions.*[12]

We heard examples of some of these features in a number of communities. However, we found that they are not consistently available across the province.

The current system does provide a variety of employment services,[13] but we identified the need for greater availability and accessibility of specific types of supports. One example is "wraparound" or intensive case management (such as the Hostels to Homes pilot program of the Ministry of Community and Social Services (MCSS)). Such approaches help to address the complex needs of recipients and their barriers to employment in a comprehensive way. Similarly, stabilization and pre-employment supports help build life skills, such as communication, social skills, planning, and time management, which are critical to success in employment. On-the-job training, mentoring, internships, and networking opportunities, which have been found to be particularly valuable for internationally trained professionals and other newcomers, should also be more widely available to recipients.

Later in this chapter, we discuss the role of municipalities and First Nations in developing local plans for employment services and managing delivery. To ensure that they provide a full range of services and supports, informed by best practices and research, and to ensure that services are available consistently across the province, it will be important to enhance municipalities' and First Nations' capacity and facilitate the sharing of information and best practices.

Ongoing research and evaluation is important to ensure that Ontario has the most effective employment services in place and continues to learn and innovate. We expect that Ontario will be able to learn from the new Centre for Employment Excellence in British Columbia. The Centre will be a hub for employment research, innovation, and best practices. It will provide support for the employment services sector and the employer community, with the goal of improving employment outcomes for all unemployed job seekers in B.C.[14] Ontario should link with the new Centre to learn from its findings, identify opportunities for collaboration, and explore the creation of a similar centre in Ontario.

RECOMMENDATIONS »

2. We recommend making available a range of integrated high-quality pre- and post-employment services and supports, tailored to individual needs, which have been designed based on research and best practices.

3. We recommend enhancing the capacity of municipalities and First Nations to learn about and consistently provide high-quality services and supports.

4. We recommend linking with the B.C. Centre for Employment Excellence and exploring the creation of an Ontario organization dedicated to employment services research and innovation.

Alternative forms of employment

The continuum of employment services available to recipients should include support for pursuing alternative forms of employment, including self-employment, social purpose enterprises, and peer-led employment and training programs.

Self-employment may be a viable option for some social assistance recipients, such as people with disabilities who have not been able to break into the job market or individuals in First Nations communities where other employment opportunities may be scarce. Self-employment may also provide greater flexibility for people with episodic disabilities or others who cannot work standard hours. In the next chapter, we recommend changes to the rules regarding the treatment of income to improve support for self-employment.

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[12] Dean Herd, "What Next in Welfare Reform? A Preliminary Review of Promising Programs and Practices," In Toronto Employment and Social Services, *New thinking and emerging directions in local employment strategies* (Vol. 1), Toronto: City of Toronto, 2006), p. 2.

[13] Employment services provided through Ontario Works include help with job searches, employment information sessions, community participation (activities that allow people to contribute to the community and improve their employability), employment placement and job retention services, supports for self-employment development, referral to basic education or approved training programs, the Learning, Earning and Parenting (LEAP) program for young parents who have not completed high school, literacy screening, assessment and/or training, job-specific skills training, and addictions screening and treatment (in approved sites). ODSP Employment Supports provides employment services to people with disabilities, focused on job placement and on-the-job support to participants and employers.

[14] The Social Research and Demonstration Corporation (SRDC) and The Training Group at Douglas College were selected to create the new Centre. See www.eia.gov.bc.ca/ministry/employment-excellence.htm.

Social purpose enterprises serve both commercial and social purposes. They market goods or services while offering supportive employment environments. The Ontario Council of Alternative Businesses defines them as "a type of community economic development initiative – specifically ... a business established to respond to the employment or economic needs of a particular community, usually a community that is disadvantaged in some way."[15] Some enterprises are owned and operated by members of the target community, such as psychiatric treatment consumers and survivors. As we learned in our discussions with people involved in social purpose enterprises, the model offers not only support, but also peer-to-peer encouragement and motivation to develop good work habits and make a positive contribution to the workplace.

Social purpose enterprises can be useful models for all social assistance recipients, but they are particularly important for people who are socially excluded and have little or no work experience. This includes some people with disabilities, and even more specifically, some people with mental illness.[16]

Peer-led employment and training programs also provide important learning and work opportunities for people who may be marginalized because of poverty, mental illness, or other life experiences. They allow people to develop skills and gain confidence in a supportive environment.

Voices from the Street

Voices from the Street is a speakers bureau of people who have experienced homelessness, poverty, and/or mental health issues. Members of Voices have graduated from a 12-week program that provides training on public speaking, policy issues, how government works, diversity, communication, conflict resolution, and working with the media.

Voices collaborated with Daily Bread Food Bank on the People's Blueprint, which trained people receiving social assistance as community researchers. They conducted over 100 video-recorded interviews with other social assistance recipients—input that fed into our review.

Voices is also working with Toronto Employment and Social Services to offer a seven-week employment pilot program for women who have experienced poverty, mental illness, immigration, and abuse. The program provides one-on-one coaching and employment workshops (e.g., networking and interview skills). At the end of the formal program, coaches and participants will continue to work together on individualized action plans.

RECOMMENDATION »

5. We recommend that the Province develop a strategy for supporting and enhancing alternative forms of employment for social assistance recipients, such as self-employment, social purpose enterprises, and peer-led employment and training programs.

Integrated treatment and employment programs

There is a growing need for specialized employment services and supports for people with disabilities related to mental illness. The changes in the composition of the caseload demand this. (See Appendix F, Trends in Social Assistance Reform.) The number of ODSP "cases" (individuals and families) exceeds the number of Ontario Works cases, and province-wide, has been growing at about five per cent annually since 2005-06. Some have suggested that this growth is due to the aging population, since the prevalence of many disabling medical conditions increases with age. However, through our analysis, we found that mental health issues, primarily among people between the ages of 18 and 40, account for a significant portion of the growth in ODSP applications. Of the approximately 27,600 ODSP applications granted in 2009-10, about 60 per cent involved a mental disorder[17] as either a primary or secondary condition.

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[15] Ontario Council of Alternative Businesses: www.ocab.ca/voices.htm.

[16] A forthcoming report by the Mental Health Commission of Canada and the Centre for Addiction and Mental Health, led by researchers at the Centre for Addiction and Mental Health, University of Toronto, and Queen's University, *The Aspiring Workforce: Employment and Income for People with Serious Mental Illness*, will further our understanding of social purpose enterprises (referred to as "social businesses" in the report). It discusses social businesses in Canada and makes a number of recommendations for policy-makers and others to support the development of social businesses.

Disabilities related to mental illness have been poorly understood, but as a society, we are starting to develop a better understanding of mental health and wellbeing.

The Mental Health Commission of Canada this year released the first mental health strategy for Canada, which provides six strategic directions for change.[18] These directions recognize the importance of promoting mental health in workplaces and providing access to the right combination of services, treatments, and supports, including those related to employment. In addition, a forthcoming report by the Mental Health Commission of Canada will make a significant contribution toward a more positive view of the work capacity of people with mental illness.[19]

The OECD has also released a major report on mental health and employment this year. Among its many findings, it reports that people with a severe mental disorder are typically twice as likely to be unemployed. The report highlights the need to replace "silo-thinking" with strong coordination and integration of policies and services, including mental health and employment services.[20]

Among employers, there has been increasing recognition of the costs to the economy of mental illness. There is also growing interest in addressing workplace issues facing people with mental illness and improving return-to-work programs. For example, the Vancouver Board of Trade Health, Wellness, and Well-Being Task Force report makes "the business case for psychologically healthy workplaces" and advises the Vancouver Board of Trade on how to play a leadership role in improving mental health in British Columbia workplaces.[21]

Peer Recovery Education for Employment and Resilience (PREFER)

PREFER is an innovative strategy to develop a strong recovery-supporting workforce. Participants are provided education and opportunities that prepare them to compete in the workforce. Training about recovery is offered within a supportive community of peers and is designed to support personal recovery and entry or progress in the peer, recovery, mental health, or social service fields. According to the project, employment capacity involves both preparing people in recovery for the workforce as well as strengthening the ability of employers to support a peer workforce.

We have more work to do, however, to overcome the stigma of mental illness in recruitment and hiring, and to learn how to accommodate people with mental health issues and episodic disabilities in the workplace.

Our research and discussions with health service providers highlighted for us the importance of providing early intervention that integrates support, treatment, and employment services for people with disabilities, including people with disabilities related to mental illness. This is essential for participation in employment or returning to work as soon as possible. Early supports can improve wellbeing and prevent social exclusion resulting from long absences from the labour force. Research has found that treatment supports are more effective in improving employment outcomes if they are well integrated with employment services.[22]

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[17] Based on the *Diagnostic and Statistical Manual of Mental Disorders* (DSM) definition, which includes psychoses, neuroses, addictions, autism, and developmental delays.

[18] Mental Health Commission of Canada, *Changing Directions, Changing Lives: The Mental Health Strategy for Canada* (Mental Health Commission of Canada, 2012): www.mentalhealthcommission.ca/English/Pages/Strategy.aspx.

[19] Mental Health Commission of Canada, *The Aspiring Workforce: Employment and Income for People with Serious Mental Illness* (forthcoming report led by researchers at the Centre for Addiction and Mental Health, University of Toronto, and Queen's University).

[20] OECD, *Sick on the Job? Myths and Realities about Mental Health and Work* (Paris: OECD Publishing, 2012): www.oecd.org/document/20/0,3746,en_2649_33927_38887124_1_1_1_1,00.html.

[21] The Vancouver Board of Trade, The Health, Wellness and Well-Being Task Force, *Psychologically Health Workplaces: Improving Bottom Line Results and Employee Psychological Well-Being* (2012): www.boardoftrade.com/files/PDF/Policy/2012/Mental_Health_Report_Feb21-12.pdf.

[22] OECD, *Sick on the Job? Myths and Realities about Mental Health and Work*.

The need for intensive case management, particularly for people with mental illness or other barriers to employment, was highlighted in our discussions across the province. For example, both municipalities and the Ontario Native Welfare Administrators' Association (ONWAA) recommended that the Addiction Services Initiative be extended to all communities to address pressing mental health and addiction challenges.

Addiction Services Initiative

Across the province, we heard about the positive results of the Addiction Services Initiative (ASI). ASI integrates treatment with employment assistance under Ontario Works. It provides screening, assessment, and/or treatment for substance abuse that is a barrier to participation or employment. It is an intensive case management approach, which may involve crisis intervention, advocating on behalf of the participant, or working with community partners to mobilize necessary supports and services.

The second phase of Ontario's Comprehensive Mental Health and Addictions Strategy (the first phase focused on children) has not been launched yet. Given the prevalence of mental illness among new ODSP recipients and the extent of undiagnosed mental health issues in the Ontario Works population as well as the general population, the Province should accelerate the next phase of its strategy focusing on adults. Employment should be identified as a key outcome for the strategy, in recognition of the value of work as a therapeutic intervention in addition to its social and economic benefits.

RECOMMENDATION »

6. We recommend that the next phase of Ontario's Comprehensive Mental Health and Addictions Strategy, which will focus on adults, be accelerated, identify employment as a key outcome for the strategy, and develop service models that integrate treatment and employment programs.

A "distance from the labour market" approach

In order to ensure that no one is left behind, the level of services and supports that people receive should be proportional to their level of need. Accomplishing this requires a standard way of defining different segments of social assistance recipients and allocating resources appropriately so that people with the greatest needs receive more intensive supports than they do today.

Allocating resources appropriately means that existing resources, and the additional resources made available through simplifying the system, should be used to focus much more on people with greater needs. The new social assistance system is built on the premise that everyone should be able to participate in the workforce to the maximum of his or her abilities. This requires that the system support everyone, including people who face multiple barriers to employment and require more integrated and intensive supports. Not tomorrow, but certainly over the longer term, this will expand the province's labour pool.

Most employment services include some type of assessment to determine participants' needs. For example, the City of Toronto is adopting a "distance from the labour market" framework to determine the level of supports people need and then respond to them. The spectrum of responses includes "intensive services to overcome multiple issues affecting employability" for people who are "distant" from the labour market and "a few interventions to become job ready" for people who are "moving closer" to the labour market.[23]

Employment Ontario (EO) has two components for its employment services: independent, unassisted services, and assisted services for vulnerable populations who are underrepresented in the labour market and need more intensive supports, potentially one-on-one. EO also has measures that attempt to quantify client and market barriers to employment in order to ensure that clients who are most in need of assisted services do receive the help they need.

In Australia, job seekers are referred to one of four different categories of employment services, depending on their "level of disadvantage" as assessed by the Job Seeker

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[23] City of Toronto, *Working as One: A Workforce Development Strategy for Toronto* (Toronto: City of Toronto, February 2012), p. 35.

Classification Instrument.[24] This questionnaire consists of 18 factors used to measure the likelihood that a person will remain unemployed for a year or more. Factors include age and gender, educational attainment, and disability and medical conditions. The questionnaire also considers many of the very practical barriers that we heard about in our discussions with social assistance recipients and caseworkers, including lack of transportation, lack of housing, and not having access to a phone. Employment and related services are provided in four streams, from Stream 1 for the more work-ready job seekers to Stream 4 for the most disadvantaged job seekers who have complex and more severe non-vocational barriers, such as mental illness, homelessness, or situations of domestic violence.

Despite the value of using assessments to target resources to clients appropriately and to track outcomes, Ontario Works and ODSP do not currently use a standard assessment process. Individual municipalities, First Nations, and ODSP Employment Supports providers use a variety of processes, tools, and definitions to determine needs.

A standard way of grouping clients, across the social assistance system and the provincial employment and training programs, based on distance from the labour market, would help to connect people to the right services. It would also help ensure greater consistency of services across the province, facilitate referrals between employment and training programs, and allow the Province, municipalities, and First Nations to assess outcomes for different client groups. In our discussion of accountability in Chapter 3, we also recommend that the service agreements negotiated between the Province, municipalities, and First Nations include specific targets to ensure that the entire continuum of recipients' needs are addressed.

RECOMMENDATION »

7. We recommend that a standard way of defining the needs of different segments of social assistance recipients, based on a "distance from the labour market" approach, be developed and used across social assistance and the provincial employment and training system.

Pathway to Employment Plans

Currently, all Ontario Works applicants, their spouses, and any dependent adults included in the "benefit unit"[25] must complete and sign a Participation Agreement before eligibility is determined. In ODSP, dependent adults and non-disabled spouses must also complete and sign a Participation Agreement when they are referred to Ontario Works employment assistance by the ODSP office. People with disabilities receiving ODSP are not required to have a Participation Agreement.

According to the Ontario Works policy directive, the Participation Agreement is "an action-oriented plan that identifies the approved employment assistance activities the applicant or participant will undertake in order to prepare for, find and maintain employment. The Participation Agreement is developed with the caseworker through collaborative and interactive processes that must take into account the individual's skills, experience, circumstances and needs, as well as local labour market conditions."[26]

In our discussions, we heard from many Ontario Works recipients, as well as caseworkers, who said that the current program emphasized completing the paperwork for a Participation Agreement over actually using it as an employment planning tool. Some employment service providers talked about the frustration of employers in small communities who get résumés every month from the same Ontario Works recipients because of the job search requirements built into their Participation Agreements. A common recommendation was that, to meet both individual and community needs, there should be more flexibility in how Participation Agreements are developed.

Research has identified the importance of caseworkers working with clients to collaboratively develop realistic employment goals and the steps to achieve them.[27] Yet, in the current system, the process of developing Participation Agreements and the forms used for the purpose both contribute to their ineffectiveness. In some cases, the agreement is filed without an opportunity to work with recipients to define goals. Caseworkers are stretched by high caseloads[28] and administrative demands, which make it difficult to spend adequate time with each client. In Chapter 2, we recommend a simplified benefit structure, which would free up caseworkers' time for building trusting relationships with clients and working collaboratively with them on employment planning.

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[24] Australian Government, Department of Education, Employment and Workplace Relations: www.deewr.gov.au/Employment/JSCI/Pages/JSCI.aspx and www.deewr.gov.au/employment/jsa/employmentservices/pages/streamservices.aspx.

[25] A benefit unit consists of a person and all of his or her dependents on behalf of whom the person applies for or receives assistance.

[26] Ontario, Ministry of Community and Social Services, "Ontario Works Policy Directive 2.5 – Participation Requirements": www.mcss.gov.on.ca/en/mcss/programs/social/directives/ow_policy_directives.aspx.

[27] See, for example (i) Daguerre and Etherington, *Active Labour Market Policies in International Context: What Works Best? Lessons for the UK*; (ii) Australia, Department of Education, Employment and Workplace Relations, *Good Practice in Job Services in Australia* (Canberra: Commonwealth of Australia, March 2012).

The standard template and technology used for Participation Agreements do not leave much room for caseworkers to customize them to individual circumstances. As well, the current form focuses on the activities recipients are expected to undertake in order to receive income support. It does not include the services and supports they can expect to receive that might help them address barriers and move toward employment. Also notably absent from the current template are recipients' employment goals.

> *We need to create a system that is less prescriptive. The system must be nimble enough to respond to individual needs…. The redesigned system must be grounded in the philosophy of true partnership between persons receiving social assistance and service delivery agents.*
>
> Region of Peel community conversation

In our view, Participation Agreements should be replaced with "Pathway to Employment Plans." We envisage that they would be "living" or dynamic documents, revised and updated over time. The new name emphasizes that moving into employment is a journey, not a leap. People will take different pathways and will have different needs for help in navigating their way.

A myriad of factors will affect employment outcomes, including educational attainment, work history, and potential barriers to employment. Nevertheless, to the extent possible, the program design should be the same for everyone. Importantly, therefore, unlike the current Participation Agreements, everyone receiving social assistance, including people with disabilities, should have a Pathway to Employment Plan.

Table 2:

Comparison of Participation Agreements with New Pathway to Employment Plans

Current Participation Agreements	New Pathway to Employment Plans
Completed by Ontario Works recipients, adult members of their benefit unit, as well as ODSP non-disabled spouses and dependent adults.	Completed by all social assistance recipients, including people with disabilities.
Do not indicate people's employment goals.	Indicate clear and achievable employment goals and identify the steps toward reaching those goals.
Include planned activities[29].	Include planned activities, and also document the integrated services and supports recipients will access – and in what sequence – to achieve their employment goals. These may be employment-related services or other supports, such as housing or child care.
Record start and end dates for planned activities.	Include relevant dates and highlight all accomplishments and progress toward achieving goals.

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[28] According to a submission to the Commission from the Canadian Union of Public Employees (CUPE), the union representing most Ontario Works caseworkers, the majority of caseworkers have caseloads ranging from 150 to 200 clients. A submission from the Ontario Public Service Employees Union (OPSEU), the union representing ODSP caseworkers, indicated that these caseworkers have caseloads ranging from 230 to 380 clients.

[29] Planned activities include independent job search, structured job search, basic education, job specific skills training, community participation, independent self-employment, assisted self-employment, employment placement with incentives, employment placement without incentives, substance abuse recovery program, Learning, Earning and Parenting Program (LEAP), and literacy.

RECOMMENDATION »

8. We recommend that the system adopt a more collaborative approach to working with social assistance recipients to plan for employment. This approach should include replacing Participation Agreements with Pathway to Employment Plans for all recipients, including people with disabilities. These plans should identify recipients' employment goals and planned activities, as well as the services and supports that will be provided to support their progress along the way.

In our discussions with First Nations, we heard that many First Nations that currently deliver employment assistance need more flexibility to define their employment programs to reflect the unique circumstances of their communities. These may include the healing journey that their people and communities are undertaking in the wake of many historical adversities, such as residential schools.

We agree with ONWAA's recommendation that taking part in cultural or community development activities should be recognized as part of the range of employment-related activities for social assistance recipients in their communities. In ONWAA's view, these activities contribute to improving job readiness and can help people who may be dealing with mental health issues, trauma, or addictions that need to be addressed before employment. Such activities can also have a significant impact on improving the wellbeing of individuals and communities where there are few job opportunities available.

RECOMMENDATION »

9. In order to recognize the unique circumstances of First Nations, we recommend that they be given the flexibility to define appropriate employment-related activities for social assistance recipients in their communities, consistent with provincial objectives.

Participation requirements

One of our end goals for reform is that the social assistance system will no longer separate people with disabilities from people without disabilities. Rather, it would be flexible enough to provide all social assistance recipients with the individualized supports they need to contribute their maximum potential to the labour force or to their community. Including people with disabilities in the completion of Pathway to Employment Plans reflects that goal.

> *[Categorizing] people with disabilities into those that can work and those that cannot work … is an artificial divide. Such distinct categories do not exist in practice, especially for persons with mental health disabilities. Due to the episodic nature of their disability, work may be punctuated by periods of work absence.… An approach which separates people into disability categories based on severity of illness also does not account for systemic, structural and attitudinal barriers which often preclude individuals with mental health disabilities from reaching their full potential. We therefore do not see the feasibility of separating the delivery of benefits in this manner. An alternative solution would be to create a comprehensive range of services that can be individualized based on need at the time.*
>
> –Submission, Canadian Mental Health Association, Ontario

Pathway to Employment Plans should identify achievable goals and the integrated services and supports that people may need to address barriers and progress toward their goals. The challenges that people face in their lives must be taken into account as an essential part of the development of their plans. In other words, people with disabilities who cannot work, or cannot work full time, should not have such requirements included in their plans. Plans should be based on what individual recipients are able to do, and have agreed to do, in consultation with their caseworkers.

As noted, people with disabilities currently receiving ODSP do not have to participate in employment-related activities. In Ontario Works, the current rules recognize that some recipients may not be able to participate fully in activities to prepare for and find work. Under the policy directive, "the Performance Agreement may identify restrictions on participation, or where a degree of participation is impracticable, a temporary deferral of participation requirements."[30] For example, sole-support parents with preschool children for whom publicly funded education is not available, full-time caregivers, and people with medical problems may be granted temporary deferrals. Unless participation requirements are restricted or deferred, the directive provides that people "who refuse to participate or fail to make reasonable efforts to participate where support has been provided by staff, will have their financial assistance cancelled or reduced."[31]

In recommending replacing Participation Agreements with Pathway to Employment Plans, we are not suggesting any changes to this approach for people who do not have disabilities. However, we do believe that participation requirements need to take into account the particular circumstances of people with disabilities.

In a fully transformed social assistance system, there would be no difference in the requirement that recipients undertake the activities set out in their plans, and failure to do so would continue to carry the risk of reduced or cancelled financial assistance. Temporary deferrals would still be granted under the same circumstances as described above. However, for the time being, there are practical reasons why participation requirements for people with disabilities need to be different.

First, it will take time for caseworkers and people with disabilities to gain experience and become comfortable with the process of developing Pathway to Employment Plans. Involving people with disabilities in employment planning is a significant change from the current system in which people with disabilities do not have Participation Agreements. Through community visits and written submissions, we heard deep concerns from people with disabilities about being subjected to what they perceive as the more punitive culture in Ontario Works. They expressed fears that caseworkers may not understand the nature of their disabilities and the impacts that disability can have on participation and employment. We know that it will take time to build this understanding and to achieve a major culture shift to a more client-centred and supportive system for all recipients.

> *Employability is not an either/or – it is a continuum that depends on things like health, age, education, skills, experience, and coping abilities, as well as employment supports, accommodation of disability in the workplace, and the job opportunities available.*
>
> –Submission, ODSP Action Coalition

Second, we do not have an assessment tool to determine whether a person with a disability should be required to participate in employment-related activities. Such a tool is needed to ensure that expectations are appropriate and consistently applied to all people with disabilities receiving social assistance. Determining if someone can work or not, and if so, at what capacity, is extremely complex. It is not a decision that can be left to individual discretion.

The OECD observes that the goal of determining reasonable expectations by assessing whether people are too disabled to work "is understandable, but it is not straightforward to set the level of capacity below which it is impractical to expect a person to participate in the labour market."[32] Disability and the experience of disability are changeable over time, and individual motivation varies. Many environmental factors also have an impact on work capacity, including technology, job expectations, accommodation, and acceptance in the workplace.

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[30] Ontario, Ministry of Community and SocialServices, "Ontario Works Policy Directive 2.5 - Participation Requirements": www.mcss.gov.on.ca/en/mcss/programs/social/directives/ow_policy_directives.aspx

[31] Ibid.

[32] OECD, *Sickness, Disability and Work: Breaking the Barriers – A Synthesis of Findings across OECD Countries*, p. 106.

A number of jurisdictions have implemented measures to shift the focus of disability income support programs from severity of disability to employment capacity. For example, Australia has replaced disability eligibility based on medical severity with assessment processes that attempt to determine work capacity. Individuals deemed to have some or partial work capacity are required to participate in employment-related activities. The U.K. is in the process of adopting a similar approach, but has encountered problems with the development and implementation of its capacity assessment tool. Both Australia and the U.K. are in the process of reviewing and improving their capacity assessments. We need to learn from their experiences and consider how to proceed in Ontario.

Third, governments, employers, and indeed all of us, must do more to remove the significant barriers that people with disabilities face. Discrimination, a lack of workplace accommodation, and other barriers can discourage or undermine individual efforts to engage in the labour force or community, despite high personal motivation. While there has been progress in removing workplace barriers for people with disabilities, it will take time to see the full impact. For example, the Accessibility Standard for Employment under the *Accessibility for Ontarians with Disabilities Act* (AODA) is being phased in over five years (from 2012 to 2017). As long as systemic, structural, and attitudinal barriers impede employment and participation, these barriers must be recognized in the Pathway to Employment Plans for people with disabilities.

As noted above, although there is promising research under way, we have much more to learn about how to provide early, integrated employment and treatment supports, as well as how to accommodate people with mental illness and episodic disabilities in the workplace. We also lack knowledge of how the imposition of mandatory participation requirements, with the threat of withdrawal of benefits and the associated stress, would affect individuals' mental health or the success of treatment. We suggest that these issues be examined as part of the employment focus of the next phase of Ontario's Comprehensive Mental Health and Addictions Strategy.

RECOMMENDATIONS »

10. We recommend that in order to receive income support, social assistance recipients be required to participate in activities related to preparing for and finding work as set out in their Pathway to Employment Plans. Plans should be realistic and take into account the circumstances of individual recipients, including the barriers to employment they may face.

11. Given that Pathway to Employment Plans reflect a significant change from the current system, that a new range of supports must be put in place, and that administrators and caseworkers need to gain experience in managing the new system as it relates to people with disabilities, we recommend that people with disabilities not be penalized, in the short term, for failing to meet the commitments set out in their plans.

Peer navigators

Working with a peer navigator could be an invaluable help to a social assistance recipient starting the journey along the pathway to employment. Peers have "been there," and can help other recipients to get the most out of the services available to them. They are also role models, and their own success stories can offer hope and inspiration. Providing access to peer navigators would be a great help to recipients, and it would contribute to changing the social assistance culture from the inside out.

In our engagement process, people throughout the province underscored the importance of our focus on simplifying the system. In particular, we found that many recipients do not understand how the system works. They are often not aware of the existence of programs and benefits for which they may be eligible, often do not understand the correspondence they receive, and often misunderstand what is expected of them while receiving social assistance. They may also be too intimidated to ask their caseworkers when they are uncertain.

Although we are proposing a greatly simplified system, vulnerable people will always be able to benefit from the helping hand of someone who truly understands their circumstances and with whom they feel more comfortable. For example, despite the efforts introduced in 2005 to promote changes in ODSP that would encourage employment, we found that many ODSP recipients were not aware of these benefits. Research has found that people with mental illness and other disabilities fear they will lose supports if they take on employment and that one-on-one benefits counselling, along with employment support, significantly improves employment outcomes.[33]

Peer navigators should be trained in, among other things, how the system works and the issues social assistance recipients may be facing. In Positive Living B.C.'s peer navigator services for people living with HIV/AIDS,[34] for example, peer navigators are trained on the many issues people may be facing, whether medical, social, or practical. They use everyday language instead of jargon to make topics easier for their clients to understand. In social assistance, this would be especially important for people who have had little contact with the system.

Municipalities and First Nations should hire recipients to work as peer navigators in social assistance offices. There are many excellent examples of peer navigator services, including the one mentioned above; these could be examined in developing a model.

RECOMMENDATION »

12. We recommend that municipalities and First Nations hire social assistance recipients as peer navigators to help guide other recipients.

Job Services Australia

A recent report highlighted the strategies used by "high performing" Job Services Australia employment service providers, based on employment outcomes and a number of other measures.[i] These strategies included:

- Building rapport with job seekers, including paying attention to personal relationships and the physical comfort of the job seeker
- Treating job seekers as individuals and with respect
- Using employment pathway plans as a service planning tool and to encourage job seekers to set and achieve their goals
- Addressing job seekers' vocational and non-vocational barriers together, rather than focusing exclusively on either non-vocational barriers or a strictly 'work-first' approach
- Using labour market information effectively to target training and work experience activities for job seekers
- Using a range of strategies to encourage job seeker compliance (e.g., messaging or emailing to re-establish contact before beginning formal compliance action)
- Being proactive in relationships with employers in working to understand their needs, referring or reverse marketing[ii] job seekers to them, and supporting employers effectively after placing people with them
- Building strong linkages and working relationships with a variety of partners, including employers, other providers in the area, government, community organizations, schools, training organizations and rehabilitation and counselling services

[i] Adapted from Department of Education, Employment and Workplace Relations, Australian Government, *Good Practice in Job Services Australia* (Canberra, March 2012). The performance of the employment service providers was determined from a range of measures related to employment, education and training outcomes, participation in work experience, paid placement and "off benefit" outcomes. Participant experience measures were also used.

[ii] The report defines "reverse marketing" as "seeking employers who have no current vacancies and marketing individual job seekers to those employers."

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[33] Timothy Tremblay, James Smith, Haiyi Xie, & Robert E. Drake, "Effect of Benefits Counseling Services on Employment Outcomes for People with Psychiatric Disabilities," *Psychiatric Services*, 57(6), pp. 816-821.

[34] Positive Living B.C., Peer Navigator Services: www.positivelivingbc.org/services/peer-navigator-services.

A focus on employers

Through our review, we also looked at employment services and supports from the perspective of employers. While employers are essential partners in improving employment outcomes for social assistance recipients, their needs are too often overlooked. Employers stressed how important it is that employment service providers understand the operations and needs of their businesses. Some small and medium-sized employers said they needed candidates who are pre-screened and already trained. Some larger employers said they preferred to do the training themselves, on the job. As one employer put it, "What works is an agency that listens."

> *We believe the social assistance system specifically (and all government funded employment programs generally) must be transformed from one that is primarily supply-based to one that is much more demand-based.... We think the current system is effectively operated and funded to view the individual on social assistance seeking employment as the customer (the supply side) but doesn't make it easy or productive for employers (the demand side) to hire them. The system rarely either explicitly or implicitly treats employers as customers.*
>
> –Submission, Social Capital Partners

As social assistance recipients did, employers also described to us the difficulty of navigating the maze of employment services in the province. The services have different mandates, client groups, and funding arrangements, and they can be in competition with one another to place clients with employers. While some employers described the excellent working relationships they have developed with particular employment service providers, many stressed the lack of consistency in the quality of service.

As full partners with the Province in managing and planning employment services in their communities (discussed later in this chapter), municipalities would be able to develop a more efficient system of employment services for both social assistance recipients and employers. The Province can also play a key role in building the capacity of employment service providers by working with providers, municipalities, and other key stakeholders to develop provincial standards and best practices for providing employment services.

> *[A motivated, reliable, and dependable] candidate with an employment barrier and without a job offer is a result of the job development strategy and efforts. It is not about the candidate. The focus of change should be on improving job development strategies and efforts, not on improving the candidate.*
>
> –Submission, Dover Training Group & Employment Management Professionals (DTG-EMP)

Employment services generally focus on developing the skills of clients and overcoming barriers to employment. While this is, of course, important, it is also essential that employment services work closely with employers to create opportunities for clients, particularly those with multiple barriers to employment. As we learned through our discussions, employment service providers in the province too often lack dedicated job developers who have a sales and marketing skill set rather than a social service one. The role of a job developer or marketer is to know the local labour market, understand how businesses operate, build relationships with employers, find jobs for clients and, where needed, provide supports to employers and employees once the recipient has been placed in the job.

Through our community visits and other meetings with social assistance recipients, we were struck by the number of individuals who already had job skills and did not require further training. What they needed was help to market their skills and strengths to prospective employers and to break into the labour market. Among this group of recipients were highly skilled people with disabilities and newcomers. We heard, for example, from internationally trained professionals who were sent to résumé-writing courses when what they really needed was mentoring and networking opportunities. Through the Ontario Chamber of Commerce Global Experience at Work program, local Chambers conduct outreach to employers in their communities to encourage them to hire internationally trained professionals. This program could be a useful model for improving employment opportunities for people receiving social assistance.

RECOMMENDATION »

13. We recommend that the Province work with municipalities, employment service providers, and other key stakeholders to develop provincial standards and best practices for the provision of employment services, including a strong focus on job development/marketing to find jobs for social assistance recipients and, where needed, post-employment supports for employers and recipients.

Employer-driven approaches

It was clear from our discussions with employers that there is no single strategy for supporting them to hire social assistance recipients. Rather, a toolkit or menu of approaches is needed, including promoting the business case for hiring people with disabilities, providing information and education to debunk myths and overcome stigma (e.g., of mental illness), and sharing best practices. Some employers also highlighted the value of employer recognition programs and reporting publicly on employer progress in hiring people with disabilities or other social assistance recipients.

> *We need to get all service providers and job developers in Ontario to a new level of service that is equal across the province. Encourage … service providers to identify business champions in their community and have these champions as partners who show peer-to-peer how they have had success employing people with disabilities. Business owners always want to hear from other business owners. It's who we trust.*
>
> –Submission, Mark Wafer, Tim Hortons Franchisee

A strong message we heard from private sector employers was that business-to-business approaches, with government support and partnership, were more effective than initiatives undertaken by the government on its own. Employer-driven approaches were seen to be particularly important for promoting employment for people with disabilities. As some employers shared with us, they began hiring people with disabilities as a direct result of learning about the positive experiences of another employer. For example, members of the Ontario Disability Employment Network Champion's League promote the benefits of hiring people with disabilities to other business owners and operators. Community Living Ontario and Rotary Clubs also work with local businesses to promote the hiring of people with disabilities. The Canadian Manufacturers & Exporters' "Business Takes Action"[35] and the Employers' Forum on Disability[36] in the U.K. are making the business case for hiring people with disabilities and providing tools and supports to employers.

Local or regional employer councils can also play an important role in ensuring that employers' voices are heard. For example, they can advise on the design of employment services, participate in hiring and training pilot projects, test different sector-specific models, and champion hiring initiatives within the business and broader community.

RECOMMENDATION »

14. We recommend that the Province support employer-driven initiatives and the establishment of employer councils to advise on employment services design and to facilitate testing of sector-specific models.

Champions

We hope that transforming social assistance, in a way that encourages people with disabilities to realize their full potential, will help achieve a breakthrough for people with disabilities in the workforce. Social assistance reform is just one part of the solution. Full implementation and enforcement of the AODA and the next phase of Ontario's Comprehensive Mental Health and Addictions Strategy are both essential. Also critical are public and corporate leaders to champion the hiring of people with disabilities.

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[35] Canadian Manufacturers & Exporters, "Business Takes Action": www.businesstakesaction.ca.

[36] Employers' Forum on Disability: www.efd.org.uk.

We know from our discussions with corporate leaders that many of them recognize the urgency and the benefits of improving employment outcomes for people with disabilities. The Province should partner with them to champion the hiring of people with disabilities. This partnership could help generate awareness and support for more inclusive workplaces and reinforce some of the employer-driven initiatives mentioned above, such as promoting the business case for hiring people with disabilities and helping to debunk myths and stereotypes. Such a partnership could also become a source of reliable information on employer progress in hiring people with disabilities. It could also leverage the impact of existing strategies in the business community, as well as government initiatives including the ongoing implementation of the AODA.

Public sector leadership is also critical if we are to achieve real progress in employment for people with disabilities and other social assistance recipients. We believe the Province, municipalities, and not-for-profit organizations should lead by example in hiring more people with disabilities and other social assistance recipients.

RECOMMENDATIONS »

15. We recommend that the Province partner with corporate leaders to champion the hiring of people with disabilities.

16. We recommend that the Province, municipalities, and not-for-profit organizations lead by example in hiring more people with disabilities and other social assistance recipients.

Access to services and supports

A new integrated social assistance program

Currently, municipalities are responsible for delivering Ontario Works. ODSP is delivered directly by the Province through MCSS in nine regional offices and 45 satellite offices.

In view of our recommendations for an integrated system that would provide individualized support to all social assistance recipients, including people with disabilities, there would no longer be a valid rationale for having two separate programs. Ontario Works and ODSP should be replaced by one new program. (This change in the program would not affect recipients' eligibility for disability-related income support. We note in Chapter 2 the continuing need for a disability supplement or benefit to recognize the additional living costs and lower earning potential of some people with disabilities.)

> *It would seem that two programs using the same technology, with different legislation requirements, and different case management styles is counterproductive to helping the vulnerable in Ontario's society.*
>
> –Submission, Ontario Works Brant Consolidated Municipal Service Manager

In the new system, all social assistance recipients would come through the "same door." They would all be supported, from the start, to explore their employment goals and to develop a Pathway to Employment Plan. People with disabilities would not have to wait on the sidelines, without receiving employment services and supports, until their application for the disability supplement is processed and their eligibility is determined. Every person would be assessed for their strengths, barriers, and the supports they need. Any barriers to employment, along with strategies to overcome them, would be integral to the development of individuals' Pathway to Employment Plans. In other words, barriers would not be a reason to delay or discourage employment planning.

We have concluded that municipalities and First Nations are best positioned to manage and deliver the new social assistance program. They have the necessary on-the-ground understanding of their communities.

In addition to employment-related services, people who are applying for or receiving social assistance often require access to related supports. These could include child care, settlement services for newcomers, housing, and public health and addiction services. Municipalities already deliver, or fund the delivery of, these other human services. Some have already started to develop service delivery models that integrate employment supports with these services.

In addition to knowing their communities and providing supports to jobseekers (the "supply side"), municipalities are most closely connected to their local labour markets and the needs of employers (the "demand side"). As discussed above, the current social assistance system is generally weak in its emphasis on working with employers and developing real job opportunities for social assistance recipients, particularly people with multiple barriers to employment. Municipalities are well placed to address this weakness in the current system.

Our recommendations for local delivery pertain to the provision of employment services and related supports. This would not preclude a provincial role in delivering transactional services, such as issuing benefit cheques, or undertaking the "My Benefit Account" initiative highlighted in the 2012 Ontario Budget to allow simplified access to multiple income-based benefits and programs.

Local delivery would allow First Nations to manage social assistance for people with disabilities in their communities. Program data show that people living in First Nations communities are currently accessing ODSP in smaller numbers than elsewhere in the province. There may be several reasons for this, including a lack of awareness of the program, difficulty in obtaining medical assessments and reports (discussed further below), and discomfort in dealing with an ODSP worker who is not from the community and may be located in an office some distance away.

With local delivery of a single program, people with disabilities in First Nations communities would be less likely to forgo services, including employment services, because they prefer to interact with the people they know. First Nations staff who are knowledgeable about the integrated program will also be better able to help people with disabilities to connect with health care providers who may be needed to assist in the application for the disability supplement discussed in the next chapter.

We understand that there will be some fear among people with disabilities about the move to a single program. We know that some people with disabilities may be concerned that what they see as the more "punitive" system culture of Ontario Works will be imported into the new program. However, many of the recommendations we are making regarding employment services lay the foundation for a culture shift throughout social assistance. The new system would focus on people's abilities and strengths, collaborative employment planning, realistic goals, and providing individualized supports. This means that the new level playing field in access to employment services will deliver more support for people with disabilities than the current system does, not less.

In the next chapter, we make recommendations to greatly simplify the benefit structure and eliminate many rules. This would free up caseworkers' time to work with people to help them get the supports they need. The transparency built into the new system would also alleviate the need for "policing" social assistance recipients and intruding into their living arrangements and other details of their personal lives. All in all, there would be much more emphasis on assistance in social assistance. We believe that this would help create a revitalized culture of collaboration throughout the system. Recipients and caseworkers would work together toward the common goal of achieving each recipient's maximum potential.

We also recognize that ODSP caseworkers will be concerned about job security. Clearly, municipalities will need caseworkers and other front-line workers to support recipients in the new integrated program. Arrangements for current ODSP staff would be subject to negotiations among the parties. We are aware that in previous situations of staff transfers between orders of government, staff have been able to "follow their jobs" for a prescribed period of time. We encourage the parties in this case to look at such precedents and models for job security.

RECOMMENDATIONS »

17. We recommend that Ontario Works and ODSP be replaced by one integrated program that provides individualized services and supports to all social assistance recipients.

18. Since locally provided human services (e.g., child care, housing) have proven effective, we recommend that the Province give municipalities and First Nations responsibility for the management and delivery of the integrated social assistance program.

19. Given that, in previous situations of staff transfers between orders of government, staff have been able to follow their jobs for a prescribed period of time, we recommend that the parties involved – the provincial and municipal governments, the Ontario Public Service Employees Union (OPSEU), the Association of Management, Administrative and Professional Crown Employees of Ontario (AMAPCEO), and the Canadian Union of Public Employees (CUPE) – examine such precedents and models for job security.

Coordination of employment services

Employment services for social assistance recipients are currently delivered in a number of different ways:

- Municipalities provide Ontario Works employment services, either directly or by contracting them out to employment service providers, including Aboriginal service organizations.
- MCSS contracts out ODSP Employment Supports to about 100 community service providers.
- The Ministry of Training, Colleges and Universities delivers EO, which provides employment and training services to unemployed Ontarians through 51 regional EO offices and 400 service locations managed by a mix of not-for-profit service providers and other third-party deliverers. There are also six municipalities that deliver EO services in addition to Ontario Works.
- The Ministry of Citizenship and Immigration and the Ministry of Health and Long-Term Care support employment-related programs for specific clients who may be receiving social assistance, such as newcomers and people with mental health issues.

The federal Aboriginal Skills and Employment Training Strategy (ASETS) also provides skills development and training to help Aboriginal people prepare for and find high-demand jobs. (We note that Ontario Federation of Indian Friendship Centres and others have recommended that social assistance programs develop better relationships with Ontario ASET holders in order to optimize outcomes for Aboriginal people receiving social assistance.)

About half of the $1.2 billion in funding for EO comes from the federal government through the Canada-Ontario Labour Market Development Agreement (LMDA) and is generally restricted to programs and services for EI-eligible and EI "reach-back" clients. Some EO programs are not funded under the LMDA, such as Second Career. However, the eligibility criteria for Second Career (e.g., a recent and formal job lay-off) make it challenging for many social assistance recipients to qualify.

Through our two discussion papers, we sought input on a variety of approaches to achieving better coordination or integration of employment services. We discussed these approaches with stakeholders in communities across the province. Based on this input and our research, we came to the view that responsibility for employment services for social assistance recipients should remain with municipalities and First Nations.

A key consideration in this conclusion is the importance of integrating the range of social services that are also the responsibility of municipalities, including child care, housing, and public health. The integration of employment services with these other human services at the municipal level is critical to improving employment outcomes for people with multiple barriers. We believe that municipalities should be encouraged to continue their efforts, already under way, to better integrate all of the social services they provide.

Another important consideration is that EO is in the process of an extensive transformation. Until that transformation is complete, and the resulting impact on social assistance has been considered, we believe that local delivery would best support our reform priorities and ensure that people with disabilities and others with multiple barriers to employment receive the intensive case management and full range of supports they may need. Nevertheless, we believe that the Province should increase access to EO programs for social assistance recipients where they are not restricted by the LMDA, particularly those that focus on skills development and training. Moreover, in order to support integration of employment services at the local level, the Province should also expand the number of municipalities, where there is interest and capacity, designated to be EO deliverers.

In the new system, as is currently the case, municipalities and First Nations would be able to deliver employment services directly, through partnerships, or contract them out to community organizations. This flexibility is vital in leveraging the expertise of community agencies, such as those with disability-specific knowledge and Friendship Centres, in providing specialized services to vulnerable populations. In Chapter 3, we recommend that where municipalities and First Nations use third parties to deliver services, funding agreements should include clear outcomes and targets designed to ensure that people with disabilities and others who face the greatest barriers to employment receive the services and supports they need.

We have seen through our work how the existing patchwork of employment services across Ontario results in confusion for jobseekers and employers, service gaps and overlaps, and administrative inefficiencies. The need for integrated employment services planning is clear.

Municipalities should be full partners with the Province in developing local workforce development plans and managing employment services in their communities to achieve defined outcomes. Some submissions suggested that this municipal role should be legislated. This partnership would facilitate a number of important objectives:

- Bringing together employers and representatives of all of the municipal and provincial bodies that provide employment services in a community;
- Coordinating and managing relationships with local planning bodies, community agencies, recipients, and others to establish local priorities;
- Allocating resources and reallocating them as necessary to reflect priorities and achieve the defined outcomes;
- Ensuring accountability for outcomes;
- Informing the development of integrated service plans for social assistance and employment services (described in Chapter 3).

RECOMMENDATIONS »

20. Recognizing the importance of integrating employment services with other human services, we recommend that municipalities and First Nations continue to be responsible for employment services for social assistance recipients.
21. We recommend that eligibility criteria be revised to increase access for social assistance recipients to all Employment Ontario programs where not restricted by the Canada-Ontario Labour Market Development Agreement.
22. We recommend that the Province expand the number of municipalities, where there is interest and capacity, designated as Employment Ontario deliverers.
23. We recommend that municipalities be full partners with the Province in managing and planning employment services in their communities.

First Nations service delivery

In our discussions with First Nations, a number of areas emerged where capacity building is needed to improve service delivery. These include access to employment services and supports, technology and staff resources to support social assistance delivery, and medical assessments for people with disabilities.

Ontario Works is delivered on-reserve by 101 First Nations delivery agents. Of these, 43 currently deliver the full Ontario Works program, which includes financial support and employment assistance. This represents 70 per cent of the First Nations caseload, which is not sufficient. All social assistance recipients living in First Nations communities should have access to employment services and supports. Once capacity-building tools and practices are place, the Province should develop clear processes and timelines for expanding the number of First Nations providing the full range of employment services to social assistance recipients.

One practical difficulty for First Nations administrators is that they have not been able to take advantage of the shared technology platform that municipalities use to support social assistance delivery. There are various reasons for this, including the lack of access to the technology in some communities and privacy-related concerns for First Nations. As a result, there have been major barriers to improving efficiency and ensuring that resources are appropriately allocated. We understand that the Province will be launching its new technology in the coming year and has included in the implementation process plans to increase First Nations' use of a shared platform.

An additional capacity issue relates to a lack of program support for First Nations' Ontario Works staff. In many cases, there are relatively few resources for First Nations' Ontario Works offices, with administrators often being the only staff person. Some First Nations reported difficulties in obtaining information about and effectively implementing program changes. Staff and information resourcing should be an additional facet of capacity-building for First Nations. This will be particularly important as First Nations take on responsibility for the new integrated program.

As already noted, program data show that people living in First Nations communities are accessing ODSP in smaller numbers than elsewhere in the province. Applying for ODSP today can be a challenging process for First Nations because of the detailed medical information that is required. We heard from First Nations administrators that many people in their communities have undiagnosed disabilities and are being served through the Ontario Works program. There needs to be a concerted effort between the Province and First Nations to improve access to medical assessments for First Nations individuals with disabilities so that they can access the new supports for people with disabilities that we are recommending.

RECOMMENDATIONS »

24. We recommend that the Province work closely with First Nations administrators and communities to develop capacity to provide employment assistance in First Nations communities where it is not currently provided. To help facilitate this, the Province should establish clear processes and timelines for expanding the number of First Nations that provide the full range of employment services.

25. We recommend that the Province work closely with First Nations administrators and communities to build capacity to enable effective delivery of the new integrated social assistance program and to improve access to medical assessments to support applicants for the disability supplement.

We began this part of our report with the issues around enabling employment. This is because so many further issues lead back to the need to transform social assistance in a way that enables social assistance recipients to reach their full potential and their aspirations to work.

We have already discussed one major structural change – combining Ontario Works and ODSP into a single program that focuses on ability, not disability. In the next chapter, we set out a plan for building a better benefit structure to support social assistance recipients in the transition to employment and to provide security for those who cannot work.

PART 2 »

Chapter 2: Building a Better Benefit Structure

> *It is very difficult for a single adult receiving Ontario Works to present as a capable and enthusiastic worker, when he or she has no money to buy toothpaste, no energy to work because he/she has a completely inadequate diet, and no transportation to get to the place of employment.*
>
> –Submission, Food Security Network of Hastings and Prince Edward Counties

> *The complexity of the current legislation and regulations as related to financial eligibility does not allow staff the time required to direct their focus to where it should be – helping clients find jobs. More time and resources need to be available to assist with employment planning, job coaching and mentoring and much greater emphasis needs to be placed on working with clients and employers to promote job retention. The majority of our clients do not have a good employment history. There are often many reasons they have not been able to make a permanent attachment within the labour force. Staff need the time to identify the issues and work with the clients towards making a permanent transition to employment.*
>
> –Submission, City of Windsor

Introduction

We were asked to make recommendations to enable "the government to establish an appropriate benefit structure that reduces barriers and supports people's transition into, and attachment within, the labour market."[37] Our mandate also asked us to advise on methodologies for determining the benefit structure and the level of rates, and to make recommendations to simplify the income and asset rules in social assistance.

In this chapter, we propose the following fundamental changes to the current benefit structure:

- A standard rate—the basic building block for all social assistance recipients;
- A plan for setting benchmarks and arriving at a methodology for setting the standard rate that will achieve a balance among the three objectives of adequacy, fairness, and financial incentive to work;
- Key benefits (a disability benefit, children's benefits, and extended health benefits) completely outside social assistance and available to all low-income Ontarians in a fully transformed system, with a disability supplement and uniform supplements for children and sole-support parents, additional building blocks within social assistance, as initial steps to simplify the system and move toward full transformation;
- Streamlined and harmonized special benefits, offering greater flexibility for municipalities and First Nations to respond to local needs;
- Recommendations to simplify and improve a number of other elements in social assistance, including the treatment of income, asset rules, and Rent-Geared-to-Income (RGI) housing.

Our proposals envisage both a fully transformed system and steps that can be taken right away to move forward on the process of change.

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[37] See Appendix D, Terms of Reference, in Outcomes.

The need to simplify

A simple and effective benefit structure is critical to helping people exit social assistance for employment, and to providing income support for those who cannot work. The costs of complexity are simply too high. Complexity creates barriers to employment and occupies caseworkers' time with the administration of myriad unnecessary rules.

The well-meaning attempt to respond to a wide range of circumstances has made the current array of benefits and rates far too complicated. There are now over 240 different rates and combinations of rates meant to cover basic needs and the cost of housing. These vary according to factors like the number of people, their relationships within the benefit unit, and whether they are living in northern Ontario. Ontario Works and the Ontario Disability Support Program (ODSP) have different rates for couples, so that the non-disabled spouse of a person receiving ODSP receives a higher rate than the non-disabled spouse of a person receiving Ontario Works. The two programs also have different rates for adults in the benefit unit who are determined to be "dependent."

The Ontario Child Benefit (OCB) and the National Child Benefit Supplement (NCBS) have partially replaced support for children through social assistance. Nonetheless, over 50 different children's benefit rates and combinations of rates remain within social assistance. These depend on the age and number of children in the family and factors such as whether the recipient is a sole-support parent or a person with a disability.

Amounts for housing vary depending on whether recipients own a home or rent in the private market, rent a subsidized unit, or live in a boarding or lodging situation. Much of the cumbersome administration related to shelter allowances is only relevant in about 30 per cent of cases. This is because more than 70 per cent of recipients who rent in the private market receive within $20 of the maximum shelter allowance (even if they actually pay a higher amount in rent).

There are about 30 special benefits in the system, related to health, employment, and other needs. The eligibility rules, application processes, and monetary values vary considerably between Ontario Works and ODSP. In Ontario Works, availability also varies. Municipalities can choose whether and at what level to provide some of these benefits, so some special benefits are not consistently available across the province. Where a special benefit is not available through ODSP (e.g., dentures), an ODSP recipient may apply for the benefit, if it is offered by the municipality, through Ontario Works.

The many different benefits and rates have complicated rules and eligibility requirements. Caseworkers often spend much of their time determining and verifying eligibility. The Ministry of Community and Social Services (MCSS) has issued hundreds of pages of policy directives and administrative procedures for applying the rules.

A New IT System on the Way

The information technology now used in social assistance is difficult for caseworkers to navigate and, in some areas, does not collect or does not give easy access to the key information caseworkers need.

We understand that the Province is implementing a new IT system to support social assistance. It is intended to be easier for caseworkers to use and flexible enough to adjust to a changing social assistance system.

The complexity in the benefit structure is very confusing for social assistance recipients. As just one of the consequences, they are not always aware of all of the supports for which they may be eligible. Indeed, in a number of our roundtable sessions with people with lived experience, recipients learned from one another about benefits for which they were eligible but had not known about.

As we heard from recipients, the complexity of the benefit structure also leads to caseworkers having to intrude into recipients' personal lives in determining eligibility for various benefits. This is particularly true for living arrangements. For example, since board and lodging rates depend on how meals are prepared in the housing situation, recipients may be asked for details about who prepares meals and how frequently in the course of the month. Many people told us they felt that caseworkers called into question their personal decisions about their housing arrangements.

Negative interactions between social assistance and other provincial programs, including RGI subsidized housing and the Northern Health Travel Grant, create a further level of complexity. We provide recommendations to address these issues later in this chapter.

These are just a few examples of the unnecessarily complicated maze we see in social assistance today.

A vision for fundamental change

In a fully transformed system, the only financial benefit provided to recipients through the social assistance rate structure would be a standard rate for all adults. The standard rate would be a flat amount, based on a single adult living alone. A modified standard rate would apply to people with shared living arrangements. Future increases to the standard rate would vary by region to reflect differences in living costs.

Disability benefits, all children's benefits, and extended health benefits (prescription drug, dental, and other health benefits) would be available to all eligible low-income Ontarians, entirely outside social assistance.

To help set the stage for progress toward a fully transformed system, we propose a simple building blocks approach until the benefits mentioned above are available outside social assistance. The three building blocks would be the **standard rate** and, on top of the standard rate, a **disability supplement** and **uniform supplements for children and sole-support parents** within social assistance. We also propose that, initially, the same extended health benefits should be available to all social assistance recipients until they are available to all low-income Ontarians.

RECOMMENDATION ››

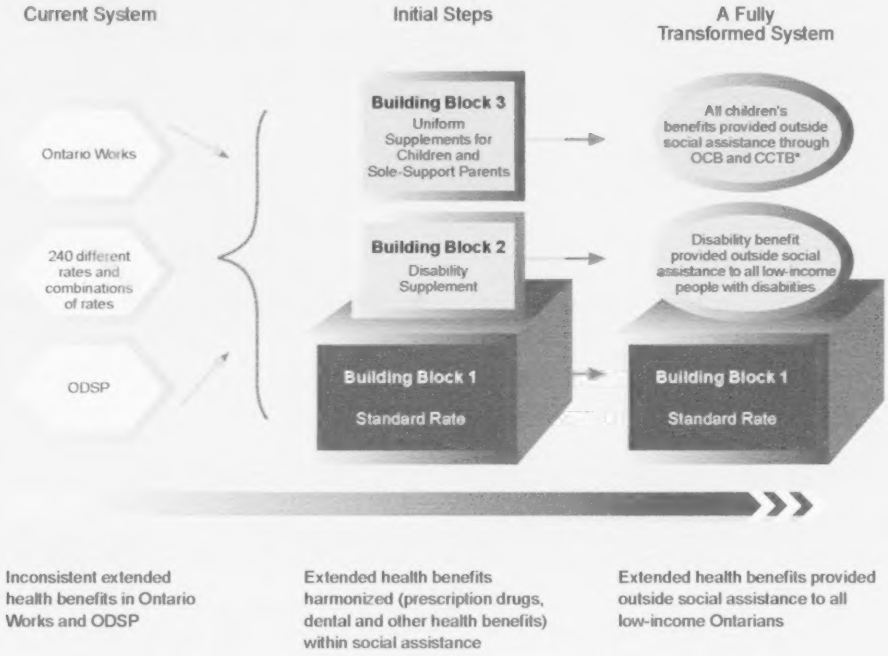
26. We recommend that the current complex rate structure be replaced with simple building blocks:

- ›› A standard rate (a flat amount covering basic needs and housing-related costs) for all adults, with future increases to reflect the differences in living costs across Ontario, as the basic unit of income support in social assistance;
- ›› A disability supplement, on top of the standard rate, to be provided to people with disabilities;
- ›› A uniform children's supplement, on top of the standard rate, to be provided to families with children, consisting of a flat amount per child, and a uniform sole-support parent supplement to be provided to sole-support parents.

The diagram below shows the process of change, from the current system, to the initial steps within the social assistance system, to a fully transformed system.

Table 3:

Toward a Fully Transformed Social Assistance System


Current System
Initial Steps
A Fully Transformed System
Ontario Works
240 different rates and combinations of rates
ODSP
Building Block 3
Uniform Supplements for Children and Sole-Support Parents
Building Block 2
Disability Supplement
Building Block 1
Standard Rate
All children's benefits provided outside social assistance through OCB and CCTB*
Disability benefit provided outside social assistance to all low-income people with disabities
Building Block 1
Standard Rate
Inconsistent extended health benefits in Ontario Works and ODSP
Extended health benefits harmonized (prescription drugs, dental and other health benefits) within social assistance
Extended health benefits provided outside social assistance to all low-income Ontarians

*Ontario Child Benefit and Canada Child Tax Benefit

The standard rate

A standard rate, developed through the processes we recommend in this chapter, is a necessary step in transforming social assistance. The standard rate would incorporate shelter and other basic needs, eliminating the necessity for separate shelter allowances. This would improve benefits administration in a number of ways:

- It would replace the current arrangement of separate rates for basic needs and shelter allowances (which are different in Ontario Works and ODSP);
- It would no longer be necessary for clients to report monthly on the details of their living arrangements and costs, nor for boarders to provide information on how meals are prepared in the living arrangement;
- It would relieve caseworkers of much of the burden of verifying living arrangements and costs;
- It would help avoid overpayments and arrears owing to incorrect or late reporting of changes in shelter costs.

For recipients, a standard rate would be more transparent and easier to understand. For caseworkers, administration would be less time-consuming and more efficient, freeing up their time and energy to support people in pursuing their individual paths to employment. Establishing the standard rate would also make it easier to integrate the delivery of Ontario Works and ODSP.

Introducing a standard rate would involve a number of processes. A methodology for setting the rate must be developed, including establishing benchmarks that provide the necessary information on adequacy, a reasonable reference wage, and a rate for withdrawal of social assistance benefits as recipients move into employment. We propose ways to move closer to adequacy in setting the initial standard rate. The Province will need to make policy decisions about balancing the trade-offs among these components in determining future changes to the standard rate.

Developing a methodology for setting the standard rate

The Terms of Reference for the review required us to advise on methodologies for determining the benefit structure and level of rates. Currently, there are no methodologies to guide the setting of rates. Historically, the rates for Ontario Works and ODSP were set on an arbitrary basis. They have been increased over the years as governments have had the political will and have considered it a fiscal priority. Rates have generally been increased by a percentage (as opposed to a flat amount), so that the differential between Ontario Works and ODSP has widened over the years.

There has also been a lack of clarity regarding the goals of the rate structure. What level of income support is appropriate for individuals and families who have no other significant resources? How should incomes of people receiving social assistance compare with the incomes of the "working poor"? What is fair?

Based on our work during this review, we have come to the conclusion that the rates should ideally meet three goals:

- **Adequacy:** so that individuals and families, regardless of the region of the province in which they live, can obtain nutritious food, secure housing, and other basic necessities;
- **Fairness:** so that a person working is not at a disadvantage compared with a person receiving social assistance;[38]
- **Financial incentive to work:** so that people see a rise in their standard of living as result of taking a job or increasing their hours of work.

In the current environment, a number of factors make it very difficult to achieve all of these objectives at the same time, including the following examples:

- The prevalence of precarious work in the labour market has contributed to low and unstable incomes. At the same time, our benefit and tax-transfer system does not redistribute income to the lower end of the income scale as effectively as it once did.
- Important health benefits, such as prescription drug and dental benefits, are not often available through low-wage employment.
- Disability benefits are unavailable to low and middle income earners with disabilities.

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[38] When recipients have earnings, social assistance financial benefits are reduced or "clawed back." The level of earnings where these financial benefits are reduced or fully eliminated varies considerably for different categories of recipients. For example, some recipients, such as people with disabilities, are eligible to receive some level of reduced social assistance financial benefits if they are at working at a full-time, minimum-wage job. As a result, some social assistance recipients may continue to receive social assistance financial support while working in a low-paid job alongside a person working in the same job who is not receiving any support from social assistance.

In combination, these factors may result in a situation where work "does not pay." In turn, this makes it difficult to achieve fairness and financial incentive to work at the same time. We describe these trade-offs in more detail later in this chapter.

In spite of the challenges, we do believe that a new methodology can provide the information to help to strike a better balance between adequacy, fairness, and financial incentive in determining rates. In order to arrive at such a methodology, we need to make progress in establishing benchmarks. Later in this chapter, we talk about the further steps necessary to strike a better balance among the objectives, including addressing the availability of benefits that affect financial incentive to work and improving the rules regarding the treatment of income.

RECOMMENDATION »

27. We recommend that the Province adopt a rational methodology to provide the necessary information for setting social assistance rates in a manner that aims to achieve a balance among three objectives: adequacy of rates to cover healthy food, secure housing, and other basic necessities; fairness between social assistance recipients and people with low-incomes who are working; and financial incentive to work.

Establishing benchmarks

As a first step in establishing a sound methodology to provide the information for setting rates, we need benchmarks to determine what we mean by adequacy, fairness, and financial incentive to work.

How much is adequate?

We examined a range of possible benchmarks for adequacy. We are aware that Ontario's Poverty Reduction Strategy uses the Low Income Measure (LIM), in which the primary benchmark is based on 50 per cent of the median household income. We looked at the LIM as an option, but determined that it is not suitable in this context. For the purposes of social assistance, we have to consider whether people can provide for themselves based on the income they receive through the rate resulting from the methodology. To do this, we need a reasonable estimate of living costs. The LIM is based on incomes, not costs of living.

We considered the Market Basket Measure (MBM), since it is the one readily available benchmark that is based on a survey of actual living costs. Statistics Canada produces MBM thresholds for 48 cities and regions in Canada, seven of which are in Ontario. The regional variations are particularly important in a province as big as Ontario.

We found that the MBM is not a perfect measure in the social assistance context. As a temporary program, social assistance is not designed to cover all expenses an individual or family may incur over the long term. The MBM looks at an ongoing standard of living, not a temporary one, and therefore represents a higher standard than social assistance can reasonably provide. Harvey Stevens made this argument in a paper for the Social Planning Council of Winnipeg. Stevens's paper develops an approach to pricing a basic budget that is suitable in the social assistance context.[39]

With this in mind, and drawing from Stevens's approach, we developed, for illustrative purposes, a working definition of a new benchmark as a more appropriate proxy for adequacy in the social assistance context. We call it the "Basic Measure of Adequacy" (BMA).

The BMA reflects costs related to food, clothing and footwear, a basic list of personal and household needs, transportation, and shelter. It uses many of the same cost items as the MBM, but not all of them. (See the chart comparing the BMA to the MBM, below.) In general, the BMA reflects a more basic level and array of living cost items than the MBM does, but there are two major differences.

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[39] Harvey Stevens, *Improving the Adequacy of Social Assistance Budgets: A Methodology for Pricing Budgets and a Rationale for Making Current Rates More Adequate* (Winnipeg: Social Planning Council of Winnipeg, 2011).

Access to Transportation

We frequently heard about difficulties in accessing transportation. In urban areas, the concern is the affordability of public transit. In many small towns and rural communities, the concern is the lack of any kind of public transit. This is especially difficult for people with disabilities.

Access to transportation is a substantial concern, and it goes beyond the social assistance system. We heard of innovative programs coordinated by municipalities, not-for-profit agencies, and some employers. One example was a major employer who provided buses to get people in the community to and from work.

We encourage the Province to work with municipalities and local organizations to map existing initiatives, identify best practices, and look for ways to extend the coverage of innovative supports.

The first major difference is in the "other expenses" component. For the BMA, we used a more basic list of expenses than is found in the MBM, but we included household supplies, personal care items, and purchase of a telephone.

The second difference is the shelter category. For shelter, the MBM uses a combination of housing costs for homeowners without mortgages and the median rental costs. Since most people living in poverty do not own their homes, we do not think that costs for homeowners without mortgages is applicable in creating a benchmark for social assistance rates. The MBM's use of median (or 50th percentile) rental costs is also too high as a standard for social assistance, which is oriented toward supporting low-income Ontarians. We used a lower shelter cost standard, the 25th percentile of rental costs, in constructing the BMA. This is similar to Stevens's approach.[40]

To keep the discussion simple, we used one BMA for all of Ontario instead of calculating separate amounts for each regional MBM. To arrive at a single BMA for all of Ontario, we used a population-weighted average of the price of the basket of cost items in each Ontario MBM region, similar to the approach used by Stevens. The one exception to this is the cost of transportation. Owing to data limitations, we used costs for the MBM for Toronto [41] rather than a weighted average of all Ontario MBM regions.

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[40] Ibid.

[41] Statistics Canada's census metropolitan area of Toronto.

Table 4:

The Illustrative Basic Measure of Adequacy (BMA) Compared with the Market Basket Measure (MBM)

Component	MBM	Illustrative BMA
Food	Based on the cost of a National Nutritious Food Basket for a reference family of four in different regions.	Same as MBM, but averaged for Ontario.
Clothing and Footwear	Prices of items surveyed by Statistics Canada, based on the average of the three cheapest price observations within different regions, combined with a replacement schedule for each item for a reference family of four.	Same as MBM, but averaged for Ontario.
Transportation	Based on the cost of public or private transportation in each region. For regions where public transit exists, the component is based on the cost of a monthly transit pass for two adults plus 12 taxi fares per family per year. For regions without public transit, the MBM includes the cost of operating and purchasing a five-year-old vehicle every five years.	Uses MBM amount for transportation in Toronto.
Shelter	Based on two parts: (1) median rent and utilities costs of two- and three-bedroom units in each region; and (2) costs for maintaining homes, among homeowners without mortgages, in each region.	Based on 25th percentile of rent and utilities for two- and three-bedroom rental units in each region, but averaged for Ontario.
Other Expenses	Based on a list of 47 goods and services, including • Telephone and internet services • Household supplies • Furniture, furnishings, electric appliances • Personal care • Home entertainment, sports and recreation • Reading materials and supplies • Other items The MBM does not price each item as in other domains of the measure. Costing is based on spending patterns for these items identified through Statistics Canada's Survey of Household Spending in relation to household spending on food and clothing and footwear for a reference family of four within the second income decile.	Based on Statistics Canada's Survey of Household Spending amounts for • Telephone services (does not include internet) • Household supplies • Personal care items

To construct a BMA for 2011, we used the 2007 data published by Statistics Canada for each component and adjusted for 2011 prices. The food and clothing and footwear components of the BMA were inflated using the specific changes in the Consumer Price Index (CPI) for these components. The other components of the BMA were adjusted using the overall national CPI.

The following table shows the BMA for household sizes of one to four people using the methodology described above.

Table 5:

Basic Measure of Adequacy by Household Size

Household Size	Income Threshold 2011
1	$13,710
2	$19,389
3	$23,747
4	$27,420

It bears repeating that throughout this report, including in the tables above, we have used our BMA for illustrative purposes only. The Province will need to develop a rigorous BMA as a benchmark for adequacy, including regional variations.

What is a reasonable reference wage?

The second benchmark, to help determine fairness, is a "reference wage." This is a labour market comparator to reflect the income that people exiting social assistance may reasonably expect to earn. Put another way, the reference wage represents the target earnings amount at which social assistance benefits phase out entirely. The purpose of the benchmark is to ensure fair treatment between people receiving social assistance and low-income people who are working. As with a measure of adequacy, we found that there is no perfect benchmark.

We considered using either the actual wages of people exiting social assistance or a percentage of the average actual employment earnings for all adults in Ontario. There are problems with both approaches. Using the actual wages of people exiting social assistance could result in overvaluation. That figure would not capture the income of people who are working but continue to receive some social assistance. We felt that using a percentage of average actual earnings would be too arbitrary, and there is no empirical evidence to support selecting this as a benchmark.

We also looked at earnings from a minimum-wage job at full-time hours as a possible reference wage. This reflects the lowest amount that an adult would earn by working full time, and it is a wage that is generally understood. It too has limitations as a reference wage. For example, students who work part time represent a significant proportion of people receiving minimum wage.

Despite the limitations, we have not been able to identify a better alternative. As shown in the table below, the current minimum wage of $10.25, at full-time hours of 37.5 hours per week for an entire year, produces a reference wage of annual after-tax income, for a single individual, of $18,414 in 2011.

Table 6:

Net Employment Earnings and Total Income from Minimum-Wage, Full-Time Employment for a Single Person

Gross Earnings *	19,988
Less EI, CPP, and Income Tax	(1,574)
Net Employment Earnings	18,414
Refundable Tax Credits **	1,076
Total Income	**19,490**

* Based on $10.25 per hour, 37.5 hour per week employment.

** Includes the GST and Ontario Trillium Benefit refundable tax credits and is based on rental costs of $600 per month.

What is the right social assistance withdrawal rate?

The benchmark to help determine financial incentive to work is the rate at which benefits are withdrawn as people receiving social assistance earn employment income. (This is sometimes called the "clawback" rate.) A withdrawal rate of 75 per cent means that for every dollar earned through employment, social assistance is reduced by 75 cents. A withdrawal rate of 25 per cent means that for every dollar earned, social assistance is reduced by 25 cents.

We have not been able to identify any empirical evidence that pins down a precise withdrawal rate where we can be confident that financial incentive is maximized. In general, the higher the rate of withdrawal, the lower the financial incentive to earn more money. The current social assistance benefit withdrawal rate in Ontario is 50 per cent.

In the absence of any more precise guidance, we feel that an *average* rate of withdrawal of 50 per cent is an appropriate benchmark in the social assistance context. The importance of using an average rate is explained later in this chapter when we discuss the role of an earnings exemption (the level of earnings allowed before any benefits are withdrawn).

How to balance the trade-offs?

To work through the challenge of structuring a methodology that balances the three objectives (adequacy, fairness, financial incentive to work), we used the benchmarks described above, as follows:

- BMA at $13,710 for a single individual;
- Minimum wage as a reference wage, for an annual net income (before tax credits) of $18,414 for a single individual;
- Average withdrawal rate of 50 per cent.

The following examples demonstrate the difficult trade-offs, using these benchmarks, in establishing the standard rate.

Example 1:

In this example, we set the standard rate so that, added to available tax credits for a single individual, it reaches the BMA adequacy standard. The standard rate of $12,634, plus existing tax credits[42] totalling $1,076 per year, would mean that for a single individual, total annual income would be $13,710, or equal to the BMA.

If we were to design the methodology so that the standard rate would phase out at the minimum wage income level in order to minimize unfairness, the withdrawal rate would be 69 per cent. (For every dollar earned through employment, a person receiving social assistance could keep 31 cents.) This is a significantly higher withdrawal rate than the average of 50 per cent that we are proposing.

Table 7:

Balancing the Trade-Offs, Example 1

Standard Rate	Phase-Out Point at Reference Wage: Net Employment Earnings[43] from Minimum-Wage, Full-Time Employment	Standard Rate Withdrawal Rate
$12,634	$18,414	69%

In this scenario, we were able to achieve the BMA level of adequacy. We were also able to ensure that benefits are fully phased out at a level that minimizes unfairness through a 69 per cent withdrawal rate. However, we achieved these two objectives at the expense of financial incentive to work.

Example 2:

In this example, to minimize unfairness, the standard rate is set at a level that ensures full withdrawal at the reference wage level. To provide appropriate financial incentive to work, the withdrawal rate is set at 50 per cent. This would produce a standard rate of $9,207 per year for a single person.

Table 8:

Balancing the Trade-Offs, Example 2

Standard Rate	Phase-Out Point at Reference Wage: Net Employment Earnings from Minimum-Wage, Full-Time Employment	Standard Rate Withdrawal Rate
$9,207	$18,414	50%

In this scenario, we are able to minimize unfairness and provide appropriate financial incentive to work through a 50 per cent withdrawal rate. However, with a standard rate of $9,207 plus existing tax credits of $1,076, the total income of $10,283 falls short of the BMA adequacy standard by just under $3,500 per year.

Example 3:

Here, the standard rate plus tax credits is set to achieve the BMA adequacy standard for a single individual, as in the first example. This time, however, the withdrawal rate is set at 50 per cent to ensure appropriate financial incentive to work. The result is that the standard rate is not fully phased out until employment income reaches $25,268, which is significantly higher than the income from a full-time, minimum-wage job.

Table 9:

Balancing the Trade-Offs, Example 3

Standard Rate	Phase-Out Point: Net Employment Earnings	Standard Rate Withdrawal Rate
$12,634	$25,268	50%

This scenario provides a more adequate level of benefits and a withdrawal rate that ensures appropriate financial incentive to work. The phase-out point is at the net after-tax income of a single person earning approximately $15.50 per hour in a full-time, minimum-wage job. However, it creates unfairness compared with people who are working at a minimum-wage job. In this scenario, a single person exiting social assistance whose net earnings were less than $25,268 per year would continue to receive some social assistance benefits. That individual would have a higher income than someone working at the reference wage and not receiving social assistance.

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[42] This includes the Goods and Services Tax (GST) and Ontario Trillium Benefit refundable tax credits for a single person, assuming monthly rent costs of $600.

[43] "Net employment earnings" is the amount that a single person would receive from a minimum-wage full-time job, after deductions for Employment Insurance, Canada Pension Plan, and income tax. It does not include additional income from tax credits.

Moving forward on a rate methodology

The numbers used in the above scenarios are for illustrative purposes, but as the examples demonstrate, there are very difficult trade-offs inherent in trying to balance adequacy, fairness, and financial incentive to work. Nevertheless, a methodology for setting rates must be guided by transparent benchmarks that reflect the choices made in the course of balancing the objectives.

With this in mind, we recommend a number of steps that should be taken to better define benchmarks:

RECOMMENDATIONS »

28. We recommend that the Province develop a new Basic Measure of Adequacy (BMA), based on the costs of food, clothing and footwear, a basic list of personal and household needs, transportation, and shelter, taking into account the differences in the costs of these items in different Ontario regions, including the region north of the 50th parallel, and use this BMA as a benchmark for the adequacy of social assistance rates.

29. We recommend that, through the upcoming review of minimum wage, the Province link changes in the minimum wage to Ontario's economic performance, labour market outcomes, and earnings distribution, so that the minimum wage can be used as an appropriate reference wage in the methodology for setting social assistance rates. Pending the outcome of that review, the current minimum wage should be used as the reference wage.

30. We recommend that the Province undertake more research into the impact of benefit withdrawal rates on work incentive to provide a better basis on which to establish a benchmark for the rate of withdrawal of social assistance benefits.

31. We recommend that the Province establish an advisory group with a mandate to assist in the work on benchmarks and make recommendations to the Minister on rates and the processes for making rate adjustments. This group could be linked to the individual or group charged with the review of the minimum wage.

Setting an initial standard rate

In the discussion that follows below (and later on in the chapter with respect to initial values for the disability supplement and uniform supplements for children and sole-support parents), we describe the methodology for establishing the building blocks of the new social assistance rate structure. The numbers used are for illustrating the methodology and are based on the rates in effect in 2011. The numbers at the time of implementation will be different.

Bearing in mind the need to balance adequacy, fairness, and financial incentive to work, we believe that the Province should strive to provide people receiving social assistance with at least the BMA level of income. This should be based on a combination of the standard rate, existing tax credits provided outside social assistance, and a level of employment income below which social assistance benefits are not reduced at all (an earnings exemption or "zero clawback" threshold).

In order to make progress toward this goal, the standard rate should initially result in a $100 per month ($1,200 per year) increase for a single adult receiving Ontario Works. This increase is necessary at this time to redress the undeniable inadequacy of rates for single people receiving social assistance. Ontario Works recipients without children experience the most significant depth of poverty among social assistance recipients, with an annual income from social assistance and refundable tax credits currently at 60 per cent of our proxy BMA.[44] As of October 2011, approximately 25 municipal councils had passed resolutions calling on the Government of Ontario to introduce and fully fund a $100 per month Healthy Food Supplement for all adults receiving social assistance as a first step toward meeting basic needs.[45] We support moving in this direction, beginning with the increase in social assistance rates for single adults.

For illustrative purposes, using the 2011 maximum Ontario Works single (renter) rate of $7,104, with an additional $1,200 per year ($100 per month), the standard rate would be $8,304 per year (rounded to $8,300 in our calculations).

We propose that all people receiving social assistance be allowed to earn an additional $200 per month (or $2,400 per year) in employment earnings without affecting their benefits. This earnings exemption would not only help improve adequacy, but would also allow people receiving social assistance to get a toehold in the labour market while keeping full benefits. Benefits would be withdrawn for any earnings beyond this amount, but in a way that ensured that, over all, and taking into account the earnings exemption, the withdrawal rate would be maintained at 50 per cent on average.[46]

With this standard rate and tax credits, a single adult receiving social assistance would achieve 68 per cent of the proxy BMA. With the earnings exemption taken into account, a single person receiving social assistance could reach a total income of approximately $11,776, which is 86 per cent of the proxy BMA.

The standard rate should be adjusted in the future, along with changes to the minimum wage and tax credits, to move all recipients closer to the BMA level.

RECOMMENDATIONS »

32. We recommend that, initially, the Province set the standard rate at $100 per month over the rate, at the time of implementation, for a single adult renter receiving Ontario Works. The standard rate should be adjusted in the future, with changes to the minimum wage and tax credits, to move recipients closer to the BMA level.

33. We recommend that the Province allow all people receiving social assistance to earn an additional $200 per month in employment earnings without affecting their benefits.

Two or more adults living together: the modified standard rate

We examined the question of how the standard rate should apply when two or more adults reside together, whether as a couple, as roommates, or in situations where adults are living with their parents.

We decided not to distinguish between living with a spouse and living with any other adult. Sharing accommodation is less costly than living alone, and economies exist regardless of the nature of the relationship between the individuals. Even if there are some further economies for couples, we believe that quantifying them would unreasonably complicate the system, and simplicity is one of our key objectives. Another distinction we did not make is how many individuals in the household are receiving social assistance. Again, the same economies from sharing accommodation and expenses apply.

In recognition of the savings to each individual, it is not appropriate for a person receiving social assistance to receive the full standard rate if he or she is living with another adult. We concluded that a lower, modified standard rate should apply.

We wanted to be confident that the modified standard rate would be fair. We looked for a methodology to quantify the savings from cohabiting and to help guide us in recommending a value for the modified standard rate.

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[44] A single person (renter) receiving social assistance, with no employment earnings, receives $7,104 annually in social assistance and approximately $1,076 in refundable tax credits, for a total income of $8,180. This total income is 60 per cent of our proxy BMA for a single person. All figures are based on 2011 rates.

[45] Put Food in the Budget: putfoodinthebudget.ca/events1/municipal-resolutions/.

[46] To achieve an overall average withdrawal rate of 50 per cent, employment earnings beyond the $200 per month earnings exemption would be reduced at the rate of 57 per cent.

First, we looked at reduced rates for people living together in Ontario and elsewhere in Canada. In Ontario's current system, the rate for the individuals in a couple varies depending on the program and the type of housing (the following are round figures):

Table 10:

Ontario, Rates for Couples as a Percentage of the Single Rate in 2011

Ontario Works (renter): 172% of single rate
ODSP (renter): 152% of single rate
Ontario Works (board and lodging): 153% of single rate
ODSP (board and lodging): 151% of single rate

All provinces discount couples' rates to some degree in an attempt to address the savings inherent in sharing accommodation. We are not aware of a clear methodology used in other Canadian jurisdictions for determining the reduction. The following table shows some of the variations across the country:

Table 11:

Canadian Provinces, Social Assistance Rates for Couples as a Percentage of Single Rates for Non-Disabled Recipients as of August 2011

N.L.	P.E.I.	N.S.	N.B.	Que.	Man.	Sask.	Alta.	B.C.
162%	182%	194%	154%	152%	150%	179%	156%	144%

As with couples' rates, there is variation in the current Ontario structure in the rates for families that include a dependent adult. The following illustrates the differences for sole-support parents living with their dependent adult children:

Table 12:

Ontario, Rates for Sole-Support Parents and One Dependent Adult, as a Percentage of the Single Rate in 2011

Ontario Works (renter): 191% of single rate
ODSP (renter): 159% of single rate
Ontario Works (board and lodging): 166% of single rate
ODSP (board and lodging): 159% of single rate

All other provinces reduce benefits paid to adults living with their parents, although the mechanisms and the amounts vary. Quebec is a noteworthy example, since social assistance in that province does not have a separate shelter component. In Quebec's case, the amount provided to adults living with their parents is 83 per cent of the single adult rate. As shown above, this is higher than Quebec's ratio for each individual in a couple, which is 76 per cent (or one-half of Quebec's couples rate of 152 per cent).

We also looked at how the research literature on poverty treats the issue of savings from cohabiting. Many jurisdictions use "equivalence scales" to establish low income or poverty line thresholds that take into account the savings from cohabiting for different family sizes.

We again looked at the Market Basket Measure (MBM), mentioned earlier in this chapter, a measure of low income[47] based on the cost of a modest basket of goods and services. Statistics Canada uses an equivalence scale developed by the OECD to adjust the MBM threshold based on family household size. Using this formula, the MBM threshold for a two-person family is 1.4 times that of a single. No distinction is made on the basis of whether the persons in the household are spouses, children, adult dependents or other relatives.

Recently, Statistics Canada updated the LIM using the same equivalence scale.[48] Along with this change, Statistics Canada also switched the basis for the LIM from actual families to "economic families," which can include unrelated adult co-residents. Ontario has adopted these changes in measuring its poverty reduction targets.

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[47] Individuals or families are considered to be "low income" if their disposable income falls below the total cost of the goods and services included in the MBM for their communities.

[48] Brian Murphy, Xuelin Zhang, and Claude Dionne, *Revising Statistics Canada's Low Income Measure (LIM)* Statistics Canada, 2010): www.statcan.gc.ca/pub/75f0002m/75f0002m2010004-eng.htm.

There are other equivalence scales in use. Organisation for Economic Co-operation and Development (OECD) has developed several scales and notes that there is no one correct scale.[49] The Caledon Institute points out that there is "not a consensus at an international level" on an appropriate equivalence scale.[50] A very comprehensive review and assessment of various equivalence scales can be found in a U.S. report evaluating its national poverty measure.[51]

As part of the work of developing a new BMA as a benchmark for social assistance rates, the Province should consider the appropriate equivalence scale that should be adopted in the social assistance context to determine the level of the modified standard rate.

Until this work is complete, the modified standard rate for an adult receiving social assistance who is sharing accommodation with one or more other adults should reflect the current single/couple ratio of 1.72 for Ontario Works (renter). Thus, each adult who shares accommodation would receive a modified standard rate of 86 per cent of the standard rate paid to adults living alone.

RECOMMENDATION »

34. In order to recognize cost savings from sharing accommodation and expenses, we recommend that a person receiving social assistance who is living with one or more other adults receive a modified rate, equal to 86 per cent of the standard rate, regardless of the nature of the relationship between them.

We considered two further issues related to social assistance recipients who live with other adults: the spouses of ODSP recipients and the eligibility rules concerning adults who live with their parents.

Spouses of ODSP recipients

In the current system, people without disabilities who are spouses of ODSP recipients receive a higher rate than people without disabilities who are spouses of Ontario Works recipients. We could not find a compelling rationale for the difference in the level of support.

It seems to us that the savings in sharing a residence would be comparable in the two situations, and we are not aware of any other circumstances that would suggest that the spouse of a person with a disability should receive an additional amount. In the new system, eligible spouses of people with disabilities would receive the modified standard rate.

Eligibility rules for adults living with their parents

In the current system, a labyrinth of rules pertains to adults who live with their parents. As a further complication, the rules differ between Ontario Works and ODSP.

At the heart of the rules is the question of whether adults living with their parents are financially reliant on the parents and should be considered part of a family benefit unit. If adults living with their parents can prove financial independence, they may be eligible for social assistance in their own right and not be included in their parents' benefit unit. Caseworkers administer a detailed test to determine this (questions include, for example, whether an individual has previously been a spouse, has lived away from the parental home after age 18, or has been out of secondary school for more than five years).

Adults with disabilities who live with their parents and have been determined to be eligible for ODSP are automatically deemed to be financially independent. They receive ODSP in their own right, regardless of whether their parents are also receiving social assistance.

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[49] OECD, Project on Income Distribution and Poverty, *What are Equivalence Scales?* (OECD, n.d.): www.oecd.org/social/familiesandchildren/35411111.pdf.

[50] Michael Mendelson, *Measuring Child Benefits: Measuring Child Poverty* (Ottawa: Caledon Institute of Social Policy, February 2005).

[51] Constance F. Citro and Robert T. Michael, Eds., Panel on Poverty and Family Assistance: Concepts, Information Needs, and Measurement Methods, National Research Council, *Measuring Poverty: A New Approach* (Washington, D.C.: National Academy Press, 1995).

If non-disabled adults are determined financially independent under the Ontario Works "Living with Parents" (LWP) rule, they may receive assistance in their own right. However, they receive a lower benefit rate than other single adults, consisting of an amount for basic needs and a special boarder allowance, which is significantly lower than regular shelter amounts. There are some exceptions to this, for example where they own the residence or their parents are receiving Old Age Security/Guaranteed Income Supplement. In these circumstances, the individual receives the same benefit as a single adult receiving Ontario Works.

Where adults living with their parents do not meet a test of financial independence, they are considered to be dependent adults. In that case, if the parents are receiving social assistance, their adult children are included in the parents' benefit unit. Dependent adults living with their parents where the parents are not receiving social assistance are ineligible for assistance.

We heard from First Nations about their serious concerns regarding the application of the LWP rules in their communities, where housing is in such short supply. Adults may have few alternatives to living with their parents, even if they are financially independent. The lower rate for adults under the LWP rules creates a serious disadvantage for First Nations individuals and families.

There is no question that the current rules and exceptions are confusing, and also time-consuming to administer. We arrived at a much simpler way to determine eligibility for social assistance for adults living with their parents: Assuming they meet the income and asset eligibility criteria, adults living with parents who are already receiving social assistance would be considered a benefit unit separate from their parents, and would receive the modified standard rate because they share accommodation. The assets and income of the parents and their adult children living with them would not impact either's eligibility.

This would significantly simplify the program. It would also help to address the concerns, noted above, expressed by people receiving social assistance in First Nations communities.

Adults eligible for ODSP who live with parents who are not receiving social assistance would continue to be assumed to be financially independent and receive the modified standard rate because they share accommodation.

Non-disabled adults who live with their parents, where the parents are not receiving social assistance, would continue to be required to meet a test of financial independence. As now, unless financial independence can be substantiated, the individual would not be eligible for social assistance. This approach is consistent with the generally held expectation that families should continue to provide for one another if they have the means to do so.

RECOMMENDATIONS »

35. In order to simplify the "Living with Parents" rules in the current system, we recommend that adults who meet the definition of a person with a disability under ODSP who live with their parents, and adults without disabilities who live with their parents where a parent is also receiving social assistance, be automatically deemed financially independent of their parents and treated as applicants in their own right. If they qualify for social assistance, they should receive the modified standard rate.

36. We recommend that adults without disabilities who live with their parents, where the parents are not receiving social assistance, continue to be required to meet a test of financial independence, in addition to meeting other eligibility requirements, in order to be eligible for assistance.

Augmenting the standard rate: benefits and supplements[52]

Removing barriers: the need to move certain benefits outside social assistance

In our discussion about developing benchmarks, we described the inevitable trade-offs in trying to balance the three objectives of the social assistance rate structure. A significant contributor to the difficulty in achieving a balance is the benefits that continue to exist only inside social assistance. Keeping these benefits inside social assistance significantly constrains the development of a rate structure that can be effective in reducing barriers to work.

For that reason, we believe that the Province should refrain from introducing any new benefits for people receiving social assistance without making them available to all low-income Ontarians.

RECOMMENDATION »

37. In order to avoid creating new barriers, we recommend that the Province not introduce any new benefits within the social assistance system without also making them available to all low-income Ontarians who are not receiving social assistance.

In order to fully transform the system, disability benefits, children's benefits, and extended health benefits should be removed from social assistance and be made available entirely outside the system. Providing these vital benefits to all low-income individuals and families would eliminate structural barriers for people trying to exit social assistance for work. We discuss below how each of these benefits might be provided outside social assistance.

As an initial step, until disability benefits and children's benefits are provided entirely outside social assistance, we propose that a disability supplement and uniform supplements for children and sole-support parents be provided on top of the standard rate. Along with the standard rate, these are the building blocks in the initial simplified system we propose.

Disability benefits and supplements

In a fully transformed system: a disability benefit outside social assistance

If we are to truly make progress toward one of the key goals of our transformation, to help unleash the potential of people with disabilities to move into more sustainable employment, we must, as a priority, address the gap in support for working Ontarians with disabilities.

Today there is a significant gap in our income security system for low- and medium-income people with disabilities who are working. While mechanisms such as the non-refundable Disability Tax Credit (DTC) and the disability supplement in the federal Working Income Tax Benefit (WITB) are available, these are either modest in level or not available to many people with disabilities. As a result, working Ontarians with disabilities with low to medium incomes have little support to cover the costs associated with having a disability.

Within social assistance, there is a difference in the level of benefits for people with disabilities and people without disabilities. This differential was put in place to acknowledge, at least implicitly, that there are higher costs associated with living with a disability and that people with disabilities, as a group, also face a real disadvantage in the labour market and have lower employment earnings.[53] However, the absence of a disability benefit outside social assistance represents a significant barrier to work because of its effect on "making work pay" for social assistance recipients with disabilities. Limited access to an in-work disability benefit may also have the effect of increasing the number of people with disabilities who must turn to ODSP for income support.

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[52] In our discussion and recommendations, we use the term "benefit" to mean specific benefits that would be available to all low-income Ontarians, outside social assistance, in a fully transformed system (disability benefit, children's benefits, extended health benefits). We use the term "supplement" to mean building blocks to augment the standard rate, inside social assistance, in an initial simplified system (disability supplement, uniform supplements for children and sole-support parents).

[53] See Table 1 (Chapter 1).

A Package of Recommendations to Improve the Employment Prospects of People with Disabilities

The following are several areas where we have made recommendations to improve employment prospects for people with disabilities:

- Equitable access to the full range of employment services and other supports, delivered locally;
- More intensive supports to help overcome employment barriers;
- Collaborative employment planning with caseworkers using Pathway to Employment Plans;
- Support for alternative employment (e.g., self-employment, social purpose enterprises, peer-led programs);
- Accelerating the Comprehensive Mental Health and Addictions Strategy with a focus on employment as a key outcome;
- Hiring of more people with disabilities by the Province, municipalities, and not-for-profit organizations;
- Provincial/corporate partnership to champion the hiring of people with disabilities;
- A disability supplement to recognize higher living costs – provided initially in social assistance and then extended as a benefit outside social assistance to all low-income people with disabilities;
- Guaranteed income security for people who cannot work;
- Changing the definition of a spousal relationship from three months of living together as a couple to one year.

We strongly believe that this situation must be redressed. We have made several recommendations aimed at clearing the pathway to more sustainable employment for people with disabilities. Like most of us, people with disabilities have a strong desire to work. However, given the financial disincentive represented by the lack of a disability benefit outside social assistance to help cover the cost of living with a disability, many low-income people with disabilities simply cannot afford to leave the program. We need to remove this serious roadblock. As a priority, the Province should introduce a disability benefit outside social assistance, for all eligible low-income people with disabilities, to address the costs of living with a disability.

Much research and design work needs to be done in order to develop and introduce such a benefit. The issues to be examined include reconciling the different definitions between ODSP and disability tax benefit mechanisms. It will also be necessary to establish the value of the new benefit and determine if and when it should be withdrawn as income rises.

As part of this work, the Province may wish to look at whether the new benefit could be delivered by the Canada Revenue Agency, built on an existing tax mechanism. For example, the Province could work with the federal government to reform the DTC to make it a refundable tax credit. We estimate the net cost of a refundable DTC in Ontario, at $1,473 (the maximum value of the federal non-refundable DTC in 2011) for working-age adults with disabilities, to be in the range of $200-$250 million. This would be a reasonable initial investment to help improve employment outcomes for people with disabilities. As well, consideration could be given to enhancing the WITB disability component as part of a broader effort to improve WITB (as called for in Ontario's Poverty Reduction Strategy).

RECOMMENDATION »

38. As a priority, we recommend that the Province introduce a new disability benefit, outside social assistance, for all low-income working Ontarians with disabilities.

A building block in a simplified system: an initial disability supplement inside social assistance

Until there is a disability benefit outside the social assistance system, we are recommending a disability supplement, on top of the standard rate, for social assistance recipients with disabilities. This is one of the building blocks in the simplified system we envisage on the way toward a fully transformed system.

The new disability supplement would be provided to all people eligible for social assistance who meet the current definition of disability used in ODSP.[54] This definition encompasses a medical component (the level of impairment), a functional component (substantial activity restrictions arising from disability) and a time component (the disability is expected to last for a year or more). The definition does not attempt to distinguish directly between those who are able to work and those who are not. The current ODSP definition does not stigmatize people as "unemployable." This kind of definition is consistent with our vision for a new system, which is based on a positive focus on identifying and addressing barriers to employment and supporting aspirations to work, rather than requiring recipients to focus on their inability to work.

The Province would continue to administer the eligibility determination process for the disability supplement.

In considering the initial dollar value of the disability supplement, we came up against the challenge of quantifying the impact of various disabilities on living costs, and of taking into account the diversity of circumstances that people with disabilities face. We could find no definitive research that could help us determine the amount of the supplement.

As Table 13 shows, there is a difference between social assistance rates for people with disabilities and people without disabilities in most provinces.

Table 13:

Single Rates for People without Disabilities Compared with Rates for People with Disabilities, Annual Social Assistance Rates, 2011

Province	Rate for People without Disabilities	Rate for People with Disabilities	Annual Differential
Ontario	$7,104	$12,636	$5,532
Newfoundland and Labrador	$8,292	$8,292	$0
Prince Edward Island	$6,900	$9,144	$2,244
Nova Scotia	$6,348	$9,168	$2,820
New Brunswick	$6,444	$8,412	$1,968
Quebec	$7,728	$11,316	$3,588
Manitoba	$6,660	$9,252	$2,592
Saskatchewan*	$8,016	$10,800	$2,784
Alberta*	$6,996	$14,256	$7,260
British Columbia	$7,320	$10,872	$3,552

* These figures were in effect in August 2011. Saskatchewan and Alberta have since announced increases in their rates for people with disabilities.

As illustrated above, the differential varies considerably among provinces. To further aid in comparison, the maximum value of the federal DTC was $1,473 in 2011.

As we have said, much research and design work needs to be done in order to introduce a disability benefit outside social assistance. Until that work is done and in order to minimize the impact on people currently receiving social assistance, the value of the new disability supplement should be set initially as the difference between the standard rate and the maximum ODSP rate for a single adult (renter) that is in effect at the time of implementation.

For illustrative purposes, the table below shows the value of the disability supplement, based on the standard rate and ODSP rate calculated using the 2011 rates. The Province should do further research to determine the appropriate value of this supplement in the future.

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[54] Under the *Ontario Disability Support Program Act, 1997*, a person is a person with a disability if:

(a) the person has a substantial physical or mental impairment that is continuous or recurrent and expected to last one year or more;

(b) the direct and cumulative effect of the impairment on the person's ability to attend to his or her personal care, function in the community and function in a workplace, results in a substantial restriction in one or more of these activities of daily living; and

(c) the impairment and its likely duration and the restriction in the person's activities of daily living have been verified by a person with the prescribed qualifications.

Table 14:

Initial Value of Disability Supplement, Illustrative Example Based on 2011 Social Assistance Rates

Standard Rate		Disability Supplement		2011 ODSP Maximum Annual Single Rate (Renter)
$8,300	+	$4,336	=	$12,636

Until a new disability benefit outside social assistance is fully implemented, social assistance recipients should be able to keep some of this disability supplement from social assistance while they are working. While this represents some unfairness between those who are moving from social assistance into employment and working Ontarians with disabilities who are not coming from the social assistance system, this is justifiable on an interim basis until a broader in-work benefit is introduced.

To illustrate, with the recommended social assistance earnings exemption of $2,400 per year and a benefit withdrawal rate averaging 50 per cent, a person with a disability receiving social assistance would continue to receive about $3,300 in social assistance support at the point of the reference wage; that is, when working in a full-time, minimum-wage job. Rather than eliminate this support, a recipient with disabilities who has successfully transitioned to the labour market should continue to receive this amount.

RECOMMENDATIONS »

39. We recommend that all people applying for or receiving social assistance who meet the current definition of disability used in ODSP receive the disability supplement, with the Province responsible for the eligibility determination process.

40. We recommend that, initially, the disability supplement be valued so that a recipient's combined income from the standard rate and the disability supplement is equivalent to the maximum rate, at the time of implementation, for a single adult (renter) receiving ODSP.

41. We recommend that, until a disability benefit outside social assistance is introduced, people with disabilities who are exiting social assistance for employment be permitted to retain a portion of the disability supplement they receive through social assistance.

Children's benefits

In a fully transformed system: children's benefits outside social assistance

Even with the availability of broad-based child tax credits, various children's benefits still remain inside social assistance, creating a barrier to work. As with the disability supplement, these benefits available inside social assistance but not outside the program increase the difficulty in "making work pay."

The federal and provincial governments have already made significant progress in providing support to all low-income families with children, including those receiving social assistance. The federal government provides the Canada Child Tax Benefit, which includes the Child Disability Benefit and the NCBS. Ontario plans to increase the OCB by a total of $210 by 2014.[55] We are encouraged by this continued commitment to enhancing these valuable tax credits, which is critical to achieving a fully transformed social assistance system in Ontario. We encourage the Province and the federal government to "finish the job" of removing children from social assistance.

Reaching the goal of fully eliminating children's benefits from social assistance will also require consideration of the role and value of the current supplement for sole-support parents. This is an example of a benefit provided inside social assistance but not available to people outside social assistance. Neither the NCBS nor OCB include such a supplement. We suggest that as part of developing a BMA and the appropriate equivalence scales, the Province assess the policy rationale for and the appropriate value of the supplement for sole-support parents inside social assistance.

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[55] The value of the OCB in 2012 is $1,100 per year. The Province has announced that it will increase it by $110 in 2013 and $100 in 2014.

RECOMMENDATION »

42. We recommend that the federal and provincial governments continue to enhance children's benefits for all low-income families so that support for children can be removed entirely from the social assistance system. In addition, as part of its work to develop a Basic Measure of Adequacy and equivalence scales, we recommend that the Province consider the longer-term role and value of the sole-support parent supplement, which is provided within social assistance but not outside the system.

A building block in a simplified system: initial uniform supplements for children and sole-support parents inside social assistance

Until children's benefits are completely removed from the social assistance system, another building block in the initial system would be in place: uniform supplements for children and sole-support parents. There would be a flat amount for each child in a family receiving social assistance, and an additional supplement that would be the same for all sole-support parents.

Currently, benefits differ between Ontario Works and ODSP, and they vary according to the number of children in the family and, in some cases, the age of the children. The uniform supplements we propose would rationalize the over 50 different children's and sole-support parents' benefit combinations currently built into the rate structure.

Rationalizing the various children's benefits into a uniform supplement would facilitate the eventual removal of support for children from social assistance. As the NCBS and the OCB have become available, the amount of income support provided to families through social assistance has been reduced by a corresponding amount. As federal and provincial children's benefits outside social assistance are enhanced in the future, the uniform supplement for children should also be reduced accordingly.

Until the policy rationale and appropriate value for supplements for sole-support parents have been examined in the context of developing a BMA and equivalence scales, we believe that sole-support parents should continue to receive a supplement within social assistance.

We determined that among the possible values for the uniform supplements, it would be best to set the initial values so that a combined income from the standard rate, the uniform children's supplement (flat amount per child), the sole-support parent supplement, and the OCB[56] would be equivalent to the maximum Ontario Works rate[57] for sole-support parents who are renters. This approach would ensure that most families receiving social assistance who have children under the age of 18 would be "kept whole" or would be somewhat better off.

For illustrative purposes, the following table shows the value of the uniform supplements for children and sole-support parents based on 2011 rates:

Table 15:

Initial Value of Uniform Supplements for Children and Sole-Support Parents, Illustrative Example Based on 2011 Social Assistance Rates

Standard Rate		Uniform Children's Supplement		Uniform Sole-Support Parent Supplement		Planned OCB Increase		Ontario Works Sole-Support Parent with One Child
$8,300	+	$554	+	$2,000	+	$210	+	$11,064

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[56] Any increases to the OCB would be taken into account in calculating the value of the uniform children's supplement.

[57] This refers to the Ontario Works rate at the time of implementation.

Based on this approach, all sole-support parents receiving social assistance would receive a supplement valued at $2,000 per year, and every family would receive $554 for each child.

RECOMMENDATIONS »

43. We recommend that all families receiving social assistance who have children receive the uniform children's supplement, consisting of a flat amount per child.

44. We recommend that all sole-support parents receiving social assistance receive the uniform sole-support parent supplement.

45. We recommend that the value of the uniform supplements for children and sole-support parents not result in a decrease in support to sole-support parents receiving Ontario Works at the time of implementation, after taking into account the value of the standard rate and the planned Ontario Child Benefit increases.

Additional programs related to children

As part of our review, we were asked to consider two other programs: Temporary Care Assistance (TCA) and Assistance for Children with Severe Disabilities (ACSD). For historical reasons, these programs are currently administered through the social assistance system.

TCA is intended to provide support for children in financial need while in the temporary care of an adult, such as a grandparent, who does not have a legal obligation to support those children. Rates paid under TCA are $244 per month for the first child ($308 per month for a child living in the region north of the 50th parallel and without year-round road access) and $198 per month for each additional child ($251 per month for a child living in the region north of the 50th parallel and without year-round road access.)

These rates are not set in relation to payments made in the child welfare system, since TCA is not included as part of child protection services as defined under the *Child and Family Services Act*. Children receiving TCA and their caregivers are not subject to the same conditions and/or payments as other services.

It is critically important that children living temporarily outside of the parental home and receiving financial support from the government be assured of a safe environment and access to services. Those services should include permanency planning, a process directed toward safeguarding the right of every child to a permanent home and a stable relationship with one or more adults. We noted in our research that in British Columbia, as a result of a review by the B.C. Representative for Children and Youth in 2010, responsibility for temporary care assistance (which was similar to Ontario's program) was transferred from the social assistance system to the child welfare system in order to ensure that such protections and services were in place.

ACSD helps low and moderate-income parents with some of the extra costs of caring for a child who has a severe disability. Parents can receive up to $445 a month to help with a range of disability-related costs, such as travel to medical appointments, special equipment, and parental relief. Although the Ministry of Children and Youth Services (MCYS) has the lead for the program, it is established by the *Ontario Disability Support Program Act, 1997*.

Having examined these two programs, we came to the conclusion that full responsibility for both TCA and ACSD should be transferred to MCYS. Both programs are better aligned with that ministry's areas of responsibility and expertise.

RECOMMENDATION »

46. We recommend that full responsibility for both Temporary Care Assistance and Assistance for Children with Severe Disabilities, currently programs within social assistance, be transferred to the Ministry of Children and Youth Services because they are more closely aligned with that ministry's areas of responsibility and expertise.

Simplifying special benefits

There are about 30 special benefits in the current system, in three categories:

- Health-related benefits, such as diabetic supplies, prescription drugs or basic dental care;
- Benefits associated with moving into employment, such as the cost of work-appropriate clothing, tools or travel expenses;
- Benefits that cover other circumstances, neither health nor employment-related, such as moving expenses or household repairs.

As mentioned earlier in the chapter, we believe that extended health benefits now provided in social assistance should be available to all low-income Ontarians. To allow greater flexibility in the local delivery of employment-related and other benefits, we propose a block fund for each of those two categories.

Health-related benefits

In a fully transformed system: extended health benefits outside social assistance

The lack of extended health benefits outside social assistance continues to be a barrier to work for people who are receiving social assistance.

Individuals who exit Ontario Works for employment may continue to receive prescription drug, dental, and other health benefits for six to 12 months. (People receiving ODSP have access to health benefits indefinitely after they exit social assistance for employment.) People exiting social assistance often move into non-standard or low-wage jobs where extended health benefits are not provided through the employer. The loss of these benefits can be a powerful disincentive to exiting social assistance.

The Gap in Health Coverage

In a recent study, about one in three respondents had either personally gone without needed health care because of insufficient coverage or had a family member who had. The gap in care was highest among those with lower levels of income, women, and those who were self-employed, employed part-time, or unemployed.

Source: Ipsos Reid, *Supplementary Health Benefits Research, Final Report*, Commissioned by the Canadian Medical Association, in partnership with the Canadian Health Services Research Foundation and the Institute for Health Economics (Ipsos, June 2012).

To improve incentive to work, and to improve the health outcomes of our population, the Province should examine ways to make prescription drug, dental, and other health benefits available outside social assistance to all low-income Ontarians.

In their submission to us, the Ontario Dental Association (ODA) made a compelling case for also consolidating the various low-income dental programs available through the Ministry of Health and Long-Term Care (MOHLTC), and for raising the level of care across the system. We encourage the government to consider these proposals and the potential for improvements in dental programs.

There are a number of models the Province could consider for delivering and funding extended health benefits for low-income Ontarians. One possible model is to expand the existing Ontario Drug Benefit (ODB) program and provincial dental programs so that all low-income adults and their children are eligible if they do not receive these benefits from their employers. Another possible model is to establish a pooled public insurance plan, administered through government or the private sector, available to all Ontarians who choose to pay into the plan. The Province could provide a graduated subsidy, based on level of income, to offset the premiums for low-income families.

To address the potential that some employers may reduce or eliminate the health benefits they currently provide, the Province could consider requiring employers to either provide a basic benefits package for their employees through their existing insurance arrangements or to pay for a portion of their employees' premiums in the public insurance plan.

RECOMMENDATION »

47. We recommend that the Province examine ways to make prescription drugs, dental, and other health benefits available to all low-income Ontarians given that the availability of these benefits outside social assistance is an integral part of the fully transformed system.

Initial steps: harmonizing health benefits inside social assistance

Until extended health benefits are available to all low-income Ontarians, the various health-related special benefits in Ontario Works and ODSP should be harmonized and provided consistently in all municipalities.[58] All people receiving social assistance should receive the same level of benefits, regardless of where they live in the province. In our view, there is no rationale for maintaining a difference in benefits, and we are concerned about the uneven treatment of people receiving social assistance across the province.

To us, one of the most striking examples of uneven treatment is the provision of dental benefits. While the schedule of services is limited, working with the ODA, the Province provides a well-administered program of basic dental care to people receiving ODSP and their spouses and children. (For some benefits, such as dentures, ODSP recipients must apply through their local municipality for an Ontario Works discretionary benefit.) In Ontario Works, dental services for adults are a "discretionary" benefit, meaning that local Ontario Works administrators can choose whether they are offered and at what level of service.

We were moved and troubled as we heard from many Ontario Works recipients we met about their limited access to dental care, resulting in pain and missing teeth, and the negative impact of poor dental health on their overall health. Many were clearly not comfortable with smiling. Inadequate dental care creates a huge barrier to employment for them. We know that good oral health and a confident smile are critical to success when people present themselves to prospective employers and try to land a job. Harmonizing dental services under social assistance, so that all people receive the same dental coverage, will provide access to a higher standard level of care until extended health benefits are available outside social assistance to all low-income Ontarians.

Harmonizing extended health benefits for all social assistance recipients would also provide an opportunity to significantly streamline access to these benefits and reduce the costs of administration. Currently, ODSP and each municipality develop their own approaches to administering dental and other benefits such as vision care, hearing aids or medical supplies. These systems vary widely and often involve standalone paper-based approaches that can require that caseworkers review and approve requests for certain benefits. Again, ODSP dental services provide an example of a solution to this administrative inefficiency in the current system. The ODSP dental program is delivered through a streamlined administrative model, which takes advantage of private sector expertise in the administration of claims and provides dental care providers with consistent electronic claims processing.

Administration of the ODB for social assistance recipients through MOHLTC is another example of streamlined and effective administration. This model takes advantage of the expertise and infrastructure that already exists in MOHLTC.

Modernizing the delivery of extended health benefits (other than dental) through a central claims process, based on the expertise of MOHLTC and the insurance industry, would reduce system-wide administrative costs and free up caseworkers' time. Central administration would also facilitate better data collection, which in turn would improve the ability to target appropriate services and to audit for potential misuse. In the long term, responsibility for all special health benefits for people receiving social assistance should be transferred to MOHLTC.

RECOMMENDATIONS »

48. We recommend that, initially, health-related special benefits such as adult dental care be harmonized and provided consistently to all social assistance recipients in all municipalities.

49. We recommend that, in the long term, responsibility for all health-related special benefits for people receiving social assistance be transferred to the Ministry of Health and Long-Term Care.

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[58] The federal government provides health services and non-insured health benefits to First Nations communities.

The Special Diet Allowance

Although not technically a special benefit, the Special Diet Allowance (SDA) is an additional financial supplement for people with eligible medical conditions when a special diet, with costs beyond a regular healthy diet, is generally recognized as being helpful in treatment.

In 2001-02, the SDA had a budget of $5.6 million. Since then, it has undergone a number of significant changes, including an increase in the number of people accessing the benefit, changes to the conditions for which individuals are eligible to receive SDA, and the amounts payable. Some of these changes aimed to address concerns about the integrity and accountability of the program, as raised by the Auditor General of Ontario. Concerns included an increasing number of families receiving the maximum amount of SDA for unlikely combinations of medical conditions. In 2011, the SDA payment amounts were changed in response to a Human Rights Tribunal of Ontario decision. The Tribunal found that the SDA program was discriminatory since it provided disproportionate amounts for different medical conditions. Since that initial Tribunal decision, further human rights challenges about the amounts of SDA payments have continued. The costs of the program have increased to over $230 million and are projected to grow.

There is no question that the SDA is a source of tension and conflict for the Province, for people receiving social assistance, and for anti-poverty advocates. It has become a focal point for those who believe that the current rates are inadequate to enable people to afford a healthy, nutritious diet through their regular social assistance benefits alone.

In light of this history and sensitivity, we deliberated carefully in considering the value and the future of the SDA. We have concluded that, fundamentally, the growth of the SDA program is a reflection of the fact that many people receiving social assistance are unable to afford a nutritious diet.

In our view, adequacy must be addressed through the rate structure as a whole. People receiving social assistance should be able to afford a nutritious diet without relying on a specialized allowance. The structural changes we are recommending, such as the methodology for setting the standard rate, including a BMA, the initial value of the standard rate, and the introduction of an earnings exemption, are intended to move social assistance forward in improving adequacy. The SDA in its current form should be eliminated, with the exception of nutritional supplements for people with unintentional weight loss (for example, associated with Huntington Disease, HIV, or late-stage cirrhosis of the liver). We think MOHLTC should continue to provide these supplements, using the funding for the approximately $30 million in current expenditures for these supplements under the SDA. The remaining approximately $200 million in the SDA budget should be reinvested into the standard rate to help improve adequacy for all social assistance recipients.

RECOMMENDATION »

50. We recommend that nutritional supplements for people with unintentional weight loss be provided by the Ministry of Health and Long-Term Care, using the funding for these supplements currently provided through the Special Diet Allowance (SDA). We further recommend that the SDA be eliminated as a separate benefit, and the remaining SDA funding be reinvested into the standard rate to help improve adequacy.

A block fund to simplify employment-related benefits

We are aware of the important role that employment-related benefits play in covering extra costs for many recipients as they move into work. These include additional expenses such as work clothing, transportation, and preparing lunches to take to work.

Today, each benefit has its own criteria and separate paperwork to determine eligibility. We are convinced that these benefits can be provided through a much less complex approach. As a simple and effective alternative, the existing funding for employment-related benefits (except the funding for the Work-Related Benefit (WRB) under ODSP) should be consolidated into a block fund, which the Province would transfer to local administrators to be used flexibly in meeting individual needs on a discretionary basis.

The WRB is unique among employment-related benefits because it is not intended to cover costs. Rather, it provides a flat amount of $100 per month to create an incentive for people with disabilities to participate in the job market. In our view, this special incentive is out of place in the new system. The new system focuses on providing supports and services to people with disabilities in the context of a Pathway to Employment Plan. It tries to address the goal of reinforcing the financial incentive to work through a rational rate methodology, with a new earnings exemption that would allow recipients to keep more of what they earn. We have also recommended that people receiving the new disability supplement be allowed to keep a portion of this supplement as they move into employment. Combined, these measures will ultimately far outweigh the benefits of the WRB. The current funding of $30 million for the WRB should not form part of the block fund described above but should be reinvested in the standard rate.

RECOMMENDATION »

51. We recommend that the existing funding for employment-related benefits be consolidated into a block fund and transferred to local administrators for their discretionary use in meeting recipients' needs. The current funding for the Work-Related Benefit in ODSP should not be included in this block fund, but rather reinvested into the standard rate.

A block fund to simplify other special benefits

"Other" special benefits are intended to cover the costs of unique circumstances that are not specifically related to health or employment. Examples include costs associated with travel for non-health-related purposes, replacement of household items after a fire, and covering the cost of utility arrears in emergencies.

A block fund should be created using the existing funding for these other special benefits. The block fund would be transferred to local administrators to use flexibly in covering these kinds of expenses. This approach has the potential to meet more diverse needs with the same level of funding, while also reducing the administrative complexity of the current delivery method.

RECOMMENDATION »

52. We recommend that a block fund be established from existing funding for other special benefits that are not related to health or employment, and that this block fund be transferred to local administrators for their discretionary use in covering such expenses for recipients.

Some of the Benefits of Simplifying the Benefit Structure

A simplified structure, which aligns rates and rules between Ontario Works and ODSP, will eliminate many rules, complicated eligibility determinations, calculations, and exemptions. Some examples:

- The building blocks approach replaces more than 240 different rates and combinations of rates;
- Eliminating separate basic needs and shelter calculations, the board and lodging category, and dependent adult and "Living with Parents" rules will eliminate the need for eight policy directives;
- Streamlining special benefits would also reduce the number of directives and facilitate more efficient delivery;
- Over all, the proposed changes could render obsolete more than 25 of the directives now under Ontario Works and ODSP.

Maintaining funding for special benefits

We note that in the Ontario Budget 2012, the Province made some changes with regard to the Community Start-Up and Maintenance Benefit by transferring it to the Ministry of Municipal Affairs and Housing for consolidation with other housing-related funding. The policy intent of this change is sound and consistent with the goals of simplification and improving local flexibility. However, the Province simultaneously reduced funding as this benefit was transferred.

As the Province implements our recommendations for block funds in place of separate special benefits, funding should be maintained at current levels. Simplification and local flexibility need to be sufficiently resourced, not funded at a lower level.

RECOMMENDATION »

53. We recommend that funding for the special benefits to be incorporated into the block funds not be reduced.

The current system compared with a simplified approach to special benefits

The following table compares the current system of special benefits with the simplified approach we are recommending.

Table 16: Special Benefits, the Current System Compared with a Simplified Approach

CURRENT SYSTEM			A SIMPLIFIED APPROACH
Benefits Availability M = Mandatory D = Discretionary D* = Not available through ODSP, but ODSP recipients may receive them through Ontario Works as discretionary benefits N = Not Available			In a fully transformed system, prescription drug, dental, and other health benefits would be available to all low-income Ontarians whether they are receiving social assistance or not. As long as these benefits are provided through social assistance, they would be harmonized so that all recipients have access to the same level of support.
	OW	ODSP	
HEALTH-RELATED BENEFITS			
Dental Benefits			
Basic coverage for children	M	M	
Basic coverage for adults (primary applicant)	D	M	
Basic coverage for spouses	D	M	
Basic coverage for dependent adults	D	D*	
Prescription Drug Benefits Coverage of prescription drugs listed in the ODB formulary (Drugs not listed may be covered as an Ontario Works discretionary benefit.)	M	M	
Transition Health Benefit For recipients leaving social assistance for employment, coverage of prescription drugs, basic dental, and vision care unless provided by an employer	N	M	
Extended Employment Health Benefits Ontario Works recipients and ODSP dependent adults may be eligible to receive these benefits, for 6 to 12 months, after exiting social assistance for employment	M	D*	
Vision Care			
Coverage of prescription eyeglasses and repairs for children (Eye exams for people under 20 are covered through OHIP.)	M	M	
Coverage of routine eye exams for adults 20 to 64	M	M	
Coverage of prescription eyeglasses and repairs for adults 20 to 64	D	M	
Coverage of routine eye exams, prescription eyeglasses, and eyeglasses repairs for spouses	D	M	
Coverage of routine eye exams, prescription eyeglasses, and eyeglasses repairs for dependent adults	D	D*	
Assistive Devices Program Co-Payment Coverage of the consumer co-payment and assessment fees (if there is no other source of funding) for MOHLTC's Assistive Devices Program (ADP)	M	M	
Child Care to Attend a Medical Appointment Coverage of child care where it is necessary for attending a medical appointment	D	N	
Hearing Aids Coverage of hearing aids, including batteries and repairs (if not covered by ADP)	D	M	
Diabetic Supplies and Surgical Supplies and Dressings	M	M	
Incontinence Supplies	M	M	
Travel and Transportation for Medical Purposes	M	M	
Mobility Devices –Batteries and Repairs Cost of replacement batteries for wheelchairs or necessary repairs to a mobility device (if not covered by ADP)	M	M	
Prosthetic Appliances Coverage of items such as back braces, surgical stockings, artificial limbs, and inhalators (if not covered by ADP)	D	D*	

Special Diet Allowance Provides an allowance to help with the extra costs of a special diet, beyond a normal healthy diet, for an approved medical condition	M	M	Nutritional supplements for people with unintentional weight loss would be available through MOHLTC using the funding for these supplements currently provided through SDA. The SDA would be eliminated as a separate benefit and the remaining funding would be reinvested in the standard rate to improve adequacy of rates for all social assistance recipients.
EMPLOYMENT-RELATED BENEFITS			
Employment-Related Expenses Provides support to help recipients with expenses, such as protective clothing, safety equipment, and transportation	D	D*	Funding would be transferred to municipalities and First Nations in a block fund, giving them greater flexibility to meet individual needs.
Employment and Training Start-Up Benefit Provides up to $500 in a 12-month period to help recipients begin or change employment or take part in an employment activity	N	M	
Employment Transition Benefit Provides a lump sum of $500 to help recipients with the transition from social assistance to employment, training, or a business	N	M	
Exceptional Work-Related Disability Supports Provides up to $300 per month for disability-related supports needed for a job, such as attendant care	D	M	
Full-Time Employment Benefit Provides up to $500 in a 12-month period for expenses related to beginning employment	M	N	
Other Employment and Employment Assistance Activities Benefit Provides up to $253 in a 12-month period for expenses related to beginning or changing employment or an employment assistance activity	M	D*	
Up-Front Child Care Costs Covers the cost of licensed child care, up to a maximum, if a recipient must pay for these costs in advance	M	M	
Vocational Training Covers the costs of vocational training (instruction in the skills and knowledge required to obtain employment in a prescribed vocation)	D	D*	
Work-Related Benefit Provides $100 per month for recipients and eligible family members who have earnings from employment or a training program, or positive net income from the operation of a business	N	M	The WRB would be eliminated, but would be replaced by an earnings exemption of $200 per month for all social assistance recipients. In addition, people receiving the new disability supplement would be allowed to keep a portion of the supplement as they move into employment. The funding for the WRB would be reinvested in the standard rate.

OTHER BENEFITS			
Travel and Transportation for Non-Health Related Purposes May be covered where the transportation is considered reasonable and appropriate	D	N	Funding would be transferred to municipalities and First Nations in a block fund, giving them greater flexibility to meet individual needs.
Funerals and Burials May cover the cost of a funeral, burial or cremation	D	D*	
Guide Dog Benefit Assists with the costs of the routine care of a guide dog	M	M	
Non-Health-Related Discretionary Benefits Other non-health related benefits provided on a case-by-case basis	D	D*	
Special Services, Items and Payments Other special services, items and payments provided on a case-by-case basis	D	D*	

Note: For official information on special benefits, consult the policy directives for Ontario Works and ODSP on the MCSS website: http://www.mcss.gov.on.ca/en/mcss/programs/social/directives/index.aspx.

Our look at a possible housing benefit

As a part of our mandate, we were asked to consider the role that a provincial housing benefit might play in the context of a reformed social assistance system. [59]

This request reflects the growing demand for more affordable housing in Ontario. Anti-poverty advocates and other stakeholders have long called for progress on this issue. The Province's Long-Term Affordable Housing Strategy in 2010, in the context of the Poverty Reduction Strategy, committed to exploring a low-income provincial housing benefit. Those who have been advocating social assistance reform also see a housing benefit as a way to provide support to all low-income Ontarians. They feel that a housing benefit would help to address the adequacy of incomes at the low end of the income scale and improve the resources available to people dealing with the challenge of affordability in housing.

We heard for ourselves, from people with lived experience, about the challenge of securing affordable housing. They identified housing costs as the greatest obstacle to making ends meet, and saw stable and secure housing as the most important factor in being able to stabilize their lives before looking for work.

In response to the government's request, we reviewed research and design information from other Canadian jurisdictions that currently provide housing benefits, such as Quebec and Saskatchewan.[60] We also reviewed proposed housing benefit designs from advocacy groups in Ontario.[61] The themes of adequacy and equity, and the importance of a regional approach in a province the size of Ontario, came through in this review.

A housing benefit, if introduced, should move the incomes of social assistance recipients closer to the BMA. However, it should do so without increasing unfairness to people not receiving social assistance by being available as a broad-based benefit to all low-income families, whether they are receiving social assistance or not.

In terms of design, we looked at the existing Ontario Trillium Benefit as a possible mechanism for delivering a housing benefit. It incorporates a number of tax initiatives, including energy and property tax credits (which could be considered a form of an existing housing benefit). This may be a useful mechanism on which to build if the Province chooses to introduce a housing benefit. As a tax-based benefit, it should be designed to take into account the potential impact of marginal effective tax rates (METRs). (METRs are created when income support and benefits are withdrawn as earnings rise. For low-income populations, particularly families, very high METRs can result as the array of benefits provided to them are withdrawn concurrently. In Chapter 4, we discuss the importance of addressing the METRs problem, as it negatively impacts policy initiatives designed to help people with low incomes.)

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[59] See Appendix D, Terms of Reference, for the Minister's letter asking us to consider a potential housing benefit.

[60] Quebec's program assists maximum of $80 per month based on the difference between the actual rent and 30 per cent of income. The Saskatchewan program assists low- and moderate-income families with children and people with disabilities with rental costs. Payment amounts depend on geographical location, family size, disability status, and income.

[61] See (i) Federation of Rental Housing Providers of Ontario, Ontario Non-Profit Housing Association, Greater Toronto Apartments Association, Daily Bread Food Bank, Metcalf Charitable Foundation, and Atkinson Charitable Foundation, *A Housing Benefit for Ontario: One Housing Solution for a Poverty Reduction Strategy* (Proposal submitted to the Government of Ontario, September 2008); (ii) Marian Steele, *A Housing Benefit for Ontario: A Program to Reduce Poverty and to Make Work Pay* (brief prepared for Daily Bread Food Bank, Federation of Rental Housing Providers of Ontario, Ontario Non-Profit Housing Association, Greater Toronto Apartments Association, Metcalf Charitable Foundation, and Atkinson Charitable Foundation, September 2011).

RECOMMENDATION »

54. We recommend that, if a housing benefit is introduced, the Province make the benefit available to all people with low-incomes, not exclusively to social assistance recipients; deliver the benefit through administratively efficient means (the Ontario Trillium Benefit may be a good example); and in designing the benefit, take into account the impact of marginal effective tax rates.

Other key issues in building a better benefit structure

Definition of "spouse"

With a modified standard rate for people sharing accommodation, the question of whether two people who live together are in a spousal relationship would no longer matter in determining the rates they receive. People eligible for social assistance who live with another adult would receive the modified standard rate. However, their relationship would still matter in determining financial eligibility for the program. If an individual applying for social assistance had a spouse, the spouse's income and assets would be taken into account in determining that individual's eligibility for the program.

The question is, at what point should two people be considered spouses, and therefore financially interdependent for the purpose of determining eligibility for social assistance?

Under the current rules, two people who are not married are considered to be spouses after they have lived together as a couple for three months and if they and the community recognize their relationship as spousal. We heard from people with lived experience that the timeframe of three months was too restrictive. For example, people expressed a concern that three months was too little time to know that a relationship was stable and would work out in the long term. We heard that the imposition of this definition of a spousal relationship, and the obligation to financially support the other partner that it brings so early on, creates a disincentive for people, particularly women and people with disabilities, to try to form relationships with people who are not receiving social assistance. It may cause people receiving social assistance to be fearful about entering into relationships at all. In addition to what we heard, we also considered the research showing that entering into relationships helps support people in moving out of poverty.[62]

We looked at other programs and jurisdictions to understand how Ontario's social assistance definition of spouse compares. Most provinces define "spouse" based on criteria relating to economic interdependence and social recognition of two individuals as "a couple." Most also use a minimum timeframe of cohabitation. For example, like Ontario, Manitoba and Saskatchewan identify a three-month minimum period of cohabitation as one of the criteria for determining a spousal situation. In Quebec and Nova Scotia, the time period is one year.

The *Income Tax Act* uses one year of cohabitation to define a financially interdependent spousal relationship. This definition is also used as the basis for calculating family income to determine eligibility for a range of federal and provincial benefits, including children's benefits, the WITB, the Ontario Trillium Benefit, and the Goods and Services Tax Credit, as well as child care subsidies.

We also looked to Ontario's *Family Law Act*. It uses a three-year cohabitation period to define when two people are in a common-law relationship for the purpose of determining, among other things, support obligations in the event of the breakdown of the relationship.

In the end, there was no empirical evidence to guide us in determining when a relationship should be considered established and mark the start of the obligation of two people to support each other. Having said that, social assistance should not discourage recipients from entering into relationships. Couples should have sufficient time to assess the viability of their relationship before being considered spouses, as couples who are not receiving social assistance usually do. We have concluded that the one-year timeframe as set out in the *Income Tax Act* is the most appropriate period of time.

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[62] See, for example, Ross Finnie and Arthur Sweetman, "Poverty Dynamics: Empirical Evidence for Canada," *Canadian Journal of Economics (36)*2 (May 2003), pp. 291-325.

Moving to this definition of a spousal relationship would align the social assistance system with the eligibility criteria for many of the other benefits and supports that people receiving social assistance are likely to access. The alignment of criteria and definitions would create more clarity for both recipients and caseworkers. Moreover, a common definition, across several income benefits and services, would improve administrative efficiency and provide a platform for the potential future integration of benefits.

RECOMMENDATION »

55. We recommend that eligibility for social assistance for individuals in a spousal relationship continue to be determined based on combined income and assets; however, consistent with the definition in the *Income Tax Act*, we recommend that the definition of a spousal relationship be changed from three months of living together as a couple to one year of living together as a couple.

Treatment of income

We looked carefully at the rules regarding the treatment of income that people receiving social assistance might receive over and above income support payments through the program. The current framework of rules distinguishes between three forms of income:

- Payments intended as income support (which may replace social assistance);
- Payments intended to augment social assistance;
- Earnings from employment.

Payments intended as income support (such as Employment Insurance (EI), the Workplace Safety and Insurance Board, and Canada Pension Plan Disability) are deducted dollar for dollar from social assistance payments. This is based on the principle that the social assistance program is the "last payor," and therefore social assistance payments should be reduced by the amount of other income support.

Payments made to all low-income households, such as the OCB, or exceptional payments to all Ontarians, such as rebates for the Harmonized Sales Tax or hydro, are entirely exempt as income for the purposes of social assistance. The rationale is that they are intended to cover costs not included in social assistance benefits, or they are smaller one-time payments that have little impact on the overall eligibility of people receiving social assistance. Payments to cover extraordinary circumstances, such as awards for pain and suffering or to cover disability-related costs, are also completely exempt on the basis that they reflect a specific situation outside of daily living.

Currently, as an incentive to exit social assistance for employment, income from employment reduces an individual's social assistance benefits by 50 cents for every dollar in earned income. As described earlier in this chapter, we have proposed a withdrawal rate that would result in an average of 50 cents deducted for every dollar in employment income, including the $200 per month in employment earnings that would be exempt from any deduction.

We consider the current framework of rules described above to be a sound approach. For the most part, it is applied appropriately, but in addition to the new earnings exemption, some changes are warranted in the treatment of gifts, self-employment income, and child support.

Gifts

Ontario Works rules differentiate between cash and non-cash gifts and between smaller and larger cash gifts. All non-cash gifts are exempt, as are infrequent cash gifts of small amounts. There is no defined limit, and caseworkers have discretion in deciding whether a cash payment should be treated as income. Larger cash gifts are also exempt if the clear purpose is to meet an extraordinary need, such as replacing an appliance. Here again, there is no defined limit and caseworkers have discretion in decision-making. In contrast, ODSP rules make no distinction between cash and non-cash gifts or smaller or larger cash gifts. The maximum exemption is $6,000 per year, in cash or non-cash gifts.

We could find no basis for the different treatment of gifts in the two programs. The rules should be consistent and straightforward, so that caseworkers do not have to judge whether an item is a gift or income. All gifts received in the form of goods and services should be fully exempt as income. All infrequent or non-regular cash gifts should be fully exempt as income, to a maximum of $6,000 per year for all social assistance recipients. Cash gifts to cover extraordinary costs, such as home repair or furniture replacement, should be fully exempt and should not count toward the $6,000 limit.

RECOMMENDATION »

56. We recommend that all gifts received by social assistance recipients in the form of goods and services be fully exempt as income; infrequent or non-regular gifts of cash be exempt to a maximum of $6,000 per year; and gifts of cash to cover an extraordinary cost, such as a home repair or furniture replacement, be fully exempt and not count toward the $6,000 limit.

Income from self-employment

We heard a number of different perspectives on how employment earnings should be treated in social assistance. On the one hand, some people who have little knowledge of or experience with social assistance are often surprised to learn that recipients may earn income without reducing their benefits dollar for dollar. On the other hand, many recipients feel that they should be able to keep all of their earnings to offset low social assistance rates and see any reduction in benefits because of earnings as a disincentive to working.

As mentioned above, social assistance benefits are currently reduced by 50 cents for every dollar in employment income as an incentive to exit social assistance. In Ontario Works, however, income from self-employment (net of business expenses) reduces benefits dollar for dollar. In ODSP, the reduction is 50 cents per dollar, consistent with the treatmentof employment earnings. Here again, we find an inconsistency between Ontario Works and ODSP, with no rationale for the difference.

Given the prevalence of precarious jobs, self-employment may be the most viable and promising option for some people. It should be promoted, not discouraged through the benefit structure. In the interest of fairness and equity, and to promote work opportunities, net income from self-employment should be treated the same as employment earnings for all social assistance recipients.

RECOMMENDATION »

57. We recommend that for all social assistance recipients, income from self-employment be subject to the same benefit withdrawal rate as applies to employment income.

Child support

In the current system, child support payments received are treated as non-earned income, and benefits are reduced dollar for dollar. We considered this approach from the perspective of fairness. A 50 per cent withdrawal rate for earned income applies to "intact" families with two parents receiving social assistance. With child support payments, the "income" from the noncustodial parent is deducted at 100 per cent.

Since there is no financial benefit, parents have little motivation to pursue child support. Research also suggests that payors may be discouraged to learn that their payments are "going to the government" rather than directly to supporting their children.[63] Applying a lower reduction rate would increase the incentive to pursue child support voluntarily and may also increase the motivation to pay it. We have concluded that child support payments should be treated the same as earned income, so that benefits are reduced by 50 cents for every dollar received in child support.[64]

Currently, social assistance recipients are required to pursue child support. This affects mainly women who are sole-support parents. Child support arrangements can be made amicably, but this is not always possible. The requirement to pursue child support is not imposed in extenuating circumstances, such as when pursuing child support could put the mother at risk of violence. However, many women are not prepared to report the potential for abuse.

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[63] See, for example, Cynthia Miller, Mary Farrell, Maria Cancian, and Daniel R. Meyer, *The Interaction of Child Support and TANF: Evidence from Samples of Current and Former Welfare Recipients* (New York: MDRC, January 2005).

[64] Several jurisdictions, including Quebec, the U.K., Australia and some states within the U.S., allow social assistance recipients to keep some or all of the child support payments they receive without reducing their benefits.

If the potential payor is reluctant, seeking child support can also be harrowing for other reasons. It can trigger acrimonious retaliatory challenges to custody and access arrangements, even though support and custody are separate issues in law. It can also involve efforts to prove paternity, prolonged court disputes, and frequent action by the custodial parent and the Family Responsibility Office (FRO) to enforce payment. Outside social assistance, a parent's decision to seek child support is voluntary. By requiring social assistance recipients to pursue child support, we are expecting them to risk a potentially traumatic situation.

Enforcing the obligation to pursue child support can also have a negative effect on the relationship between recipients and caseworkers. Recipients may feel that their judgement is being questioned, or that personal details of their lives are being probed. They may believe that divulging details of their personal relationships will result in punitive measures detrimental to themselves and their children.

Family Support Workers

Family Support Workers play an important role for social assistant recipients seeking child support. For example, they can help recipients complete private agreements between parents, locate absent parents, and prepare court documents. They can also act as a liaison between the recipient and FRO and assist recipients in court.

Where a parent is forced into Family Court, and potentially the FRO process, it creates administrative costs in circumstances where there may be little likelihood of success. We found little evidence to suggest that enforcing mandatory pursuit of child support is cost-effective.

Seeking child support should be made voluntary. However, Family Support Workers should continue to be available to encourage social assistance recipients to pursue child support and assist those who wish to do so.

RECOMMENDATIONS »

58. We recommend that child support payments received by social assistance recipients be treated as earned income (i.e., subject to an earnings exemption of 50 per cent instead of the current 100 per cent deduction), thus providing an incentive to pursue child support.

59. We recommend that social assistance recipients be allowed to choose whether or not to pursue child support, based on their individual family circumstances.

60. We recommend that Family Support Workers be available to help social assistance recipients who wish to pursue child support.

> *The current pre-existing condition that limits welfare to those who have no assets is wrong. It only undermines any possibility of their getting back on their feet, fiscally speaking. As a business person who on occasion has relied on leveraging his personal assets for business loans and who could easily be unemployed had I been unable to do so, we are truly crippling the opportunity for people to recover if social assistance is withheld until they've divested everything they own. Can you imagine telling a pensioner the government is withholding their Old Age Security until the proceeds from the sale of their property have been exhausted? That would be unjust, but no less unjust than this!*
>
> –From a submission

Improving the asset rules

The rules governing assets are an important element in the eligibility requirements for social assistance. Asset limits are in place in order to ensure that scarce public resources are allocated to those truly most in need. The challenge is in determining appropriate asset limits.

The current asset rules undermine the ability of individuals and families to become financially stable and to weather periods of financial uncertainty. They also run counter to numerous public policy initiatives designed to help Canadians save and build their assets. We see no reason why social assistance policies should not be consistent with and support the same objectives.

It does not make good sense to us that people should have to divest assets that may have taken years to build, such as Registered Retirement Savings Plans (RRSPs), solely to receive assistance in the shorter term. We heard arguments that requiring individuals to cash in their RRSPs, often with penalties, may cost the government more in the longer term by requiring more investment in Old Age Security/Guaranteed Income Supplement to support individuals who no longer have their own retirement savings.

Together with the earnings exemption described earlier in this chapter, the changes we propose to the asset rules would help improve the financial resiliency of recipients and their capacity to deal with periods of financial instability when they are not receiving social assistance.

Treatment of liquid assets

The Ontario Works limits on liquid assets (assets that can be readily converted to cash) are generally tied to maximum monthly social assistance rates, unless there are children in the benefit unit. For example, recipients without children are permitted to keep liquid assets up to an amount equal to the value of approximately one month of social assistance income support ($592 for a single person and $1,021 for a couple).[65] Additional amounts are permitted in benefit units with dependent children.

We heard many people express concern that these limits are too low. By requiring people to deplete most of their assets, recipients have very little to rely on, beyond their immediate earnings, once they have exited the program. They are not likely to be financially resilient should they find themselves without a stable income for even a brief period. This is particularly troubling in light of the precarious labour market, in which jobs may be temporary, and the lack of access to EI for many Ontarians who become unemployed.

In contrast, ODSP liquid asset limits are much higher ($5,000 for a single person and $7,500 for a couple). Limits vary according to the number of people in the benefit unit, but they are not related to a monthly amount of income support.

We were unable to find a basis for different limits between the programs. We have concluded that immediate steps should be taken to harmonize the rules so that all recipients are treated equally. Cash asset limits in social assistance should be $5,000 for a single person and $7,500 for a couple.

One of the arguments often made against raising asset limits is that more people would be eligible for social assistance, thereby increasing the caseload and program costs. To our knowledge, no rigorous studies on the impact of asset limits on social assistance caseloads have been published in Canada. However, we observe that neither the recent asset level increases in Manitoba nor Quebec's $60,000 limit for RRSPs and other savings have had a significant impact on the number of social assistance cases. Similarly, in other jurisdictions that have raised their asset limits (including a number of U.S. states), some studies have found little or no increases in caseloads.[66]

We also looked at the potential to raise liquid asset limits beyond these levels. A Private Member's Bill, introduced in Ontario in 2010, proposed increasing asset limits in ODSP to $12,000 for a single person and $20,000 for a couple.[67]

After increasing the asset limits to the thresholds mentioned above, the Province should empirically assess whether the changes have demonstrable impact on caseload growth and recipients' ability to exit social assistance. If they have not resulted in significant caseload increases, asset limits should be raised further. The impacts of the further increase should be empirically assessed also. The limits set out in the Private Member's Bill could be used as a guideline for future increases.

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[65] Based on Ontario Works rates in 2011.

[66] See for example, Dory Rand, "Reforming State Rules on Asset Limits: How to Remove Barriers to Saving and Asset Accumulation in Public Benefit Programs," *Clearinghouse Review Journal of Poverty Law and Policy*, March-April 2007.

[67] Legislative Assembly of Ontario, 39:2 Bill 23, Enhancing the Ability of Income Support Recipients to be Financially Independent Act, 2010 (Toby Barrett): www.ontla.on.ca/web/bills/bills_detail.do?locale=en&BillID=2300&isCurrent=false&detailPage=bills_detail_the_bill.

RECOMMENDATIONS »

61. We recommend that the Province take immediate steps to harmonize the liquid asset rules, so that a maximum of $5,000 for a single individual and $7,500 for a couple will apply equally to all social assistance recipients.

62. We recommend that, once the liquid asset rules have been harmonized, the Province assess empirically whether the increase has had a demonstrable impact on caseload growth and on recipients' ability to exit social assistance. We further recommend that if the higher asset limits have not resulted in a significant net caseload increase, the asset limits be further raised.

Savings vehicles

Registered Education Savings Plans (RESPs) and Registered Disability Savings Plans (RDSPs) are exempt as assets in both Ontario Works and ODSP. However, non-locked-in RRSPs are not exempt and must be cashed in, even if the applicant incurs a penalty in doing so. There are no specific rules related to other longer-term savings vehicles such as Individual Development Accounts (IDAs), and therefore these are not exempt.

Other provinces in Canada have taken varying approaches to the treatment of longer-term savings. Quebec has a special provision to allow individuals to keep up to $60,000 in certain savings vehicles, such as RRSPs, RESPs and IDAs.

The current treatment of long-term savings undermines the policy objective of encouraging people to save for the future and to provide for their own financial security in later life. We have come to the conclusion that Ontario should introduce a total allowable exemption for RRSPs, RESPs, IDAs and other long-term savings vehicles, to a maximum of $60,000, in determining eligibility for social assistance.

RECOMMENDATION »

63. We recommend that the Province introduce a total allowable exemption for Registered Retirement Savings Plans, Registered Education Savings Plans, Individual Development Accounts, and other long-term savings vehicles from the calculation of assets, to a maximum of $60,000, in determining eligibility for social assistance.

Other assets

We heard from many people, especially people in non-urban centres, that a vehicle is necessary for everyday life as well as for participating in employment or training.

Ontario Works recipients may own a primary motor vehicle, and if its value is less than $10,000, the value does not count toward their asset limit. Any value deemed above the $10,000 limit is applied to their total asset limit. However, recipients have six months from the date of applying for social assistance to dispose of a vehicle that is above that value, and purchase one of lesser value, before the amount over $10,000 is included as an asset. Secondary motor vehicles valued at $10,000 or less may also be exempt as assets if they are shown to be necessary for other members of the benefit unit to participate in employment or employment assistance activities.

In contrast, for ODSP recipients, there is no value limit on primary motor vehicles. This difference may take into account the cost of modifications or other requirements related to vehicles for some people with disabilities. Similar to Ontario Works, secondary vehicles may also be exempt as assets if they are shown to be necessary for other members of the benefit unit, but in ODSP the value must be under $15,000.

Where the value of a vehicle needs to be determined, caseworkers must verify the applicant's ownership of the vehicle, determine its value using the Red Book or other market information, deduct any outstanding loan repayments, and take into account any other depreciation. From the perspective of administrative complexity and cost-effectiveness, we are unable to rationalize this time and expense. Moreover, these tasks are not consistent with caseworkers' training and skills.

It is unlikely that people who meet the other eligibility criteria under asset and income tests would own high-value vehicles. It seems counterproductive for applicants to have to sell a vehicle if the value is over the allowable limit and purchase another of lesser value. Consistent with a public policy approach that emphasizes building and/or retaining assets to improve self-sufficiency, all primary vehicles should be exempt from the calculation of assets, as is currently the case in ODSP.

We heard from many First Nations communities that the asset rules do not take into account the specific items they may need for cultural participation or self-sufficiency, such as sleds, canoes, or hunting equipment. First Nations administrators should have greater flexibility in determining asset rules to reflect their unique community needs. Northern municipalities should also have greater flexibility in determining asset rules to take into account the realities of living in those regions.

RECOMMENDATIONS »

64. We recommend that, to eliminate unnecessary administration, the Province exempt all primary vehicles from the calculation of assets for all social assistance recipients.
65. We recommend that the Province allow First Nations and northern municipalities greater flexibility in determining asset rules to take into account their unique community needs.

Rent-Geared-to-Income housing

With the introduction the standard rate, there will no longer be a separate shelter allowance within social assistance that can be linked to the current RGI rent scales. This provides an opportunity to simplify the way RGI rental amounts are calculated for social assistance recipients and to address the complex threshold rules and sudden change in benefit withdrawal rates that can occur in the current system.

Generally, RGI tenants who are not receiving social assistance pay rent at 30 per cent of their household income. However, social assistance recipients who live in RGI housing pay rent based on rent scales established by the Province, which result in a lower level of rent. The rent scales vary by family size and are different between ODSP and Ontario Works. If a recipient has limited or no employment earnings, the social assistance shelter allowance paid to the recipient equals the rent they pay as determined by the rent scales. If a recipient's income from employment or other sources exceeds a certain threshold, the RGI amount is changed so that it is equal to 30 per cent of the recipient's earned income.

For some recipients whose earnings exceed the thresholds, rents can increase significantly, while the amount paid through the social assistance shelter allowance is capped. In addition, RGI rental amounts are based on gross earnings and, for social assistance recipients, do not take into account the 50 per cent earnings exemption (the "clawback").

To solve these problems, social assistance recipients should be treated like other RGI tenants. This would eliminate the need for separate rent scales and income thresholds, and it would make the system simpler to understand for both recipients and caseworkers. This change would also mean that many social assistance recipients in RGI units would pay a higher level of rent, since the proposed 30 per cent of income would typically result in RGI rents that are higher than the recipients are paying now. For most recipients, however, the increase in rent would be offset by the increase they would experience owing to the elimination of the shelter allowance and the introduction of the standard rate.

Implementation of this new approach would mean that rent revenues to municipalities would increase. As we note in Chapter 6, the Province will need to determine, within the context of provincial-municipal cost-sharing discussions, how these funds should be used.

RECOMMENDATION »

66. Given that the new standard rate would not include a separate shelter amount, we recommend that rents for social assistance recipients residing in Rent-Geared-to-Income units no longer be based on rent scales, but rather on 30 per cent of household income (as it is for residents who are not receiving social assistance), including income from social assistance benefits, net of earnings exemptions (the "clawback").

Northern Health Travel Grant

Another example of an interaction that adds to the complexity of social assistance is MOHLTC's Northern Health Travel Grant. This grant and social assistance both help to cover the costs of travel for medical reasons and associated accommodation.[68] However, there are significant differences in administrative practices between the two programs. Their eligible costs are different, as are their methods of reimbursement.

Social assistance recipients and their caseworkers in northern Ontario must undertake a complex process of reconciliation and reimbursement to satisfy both programs. MOHLTC and MCSS should work together to simplify this process, for both clients and caseworkers.

RECOMMENDATION »

67. We recommend that the Ministry of Health and Long-Term Care and the Ministry of Community and Social Services address the complex interaction between the Northern Health Travel Grant and social assistance.

Putting together the building blocks: toward a fully transformed system

The changes we propose in this chapter would radically simplify the benefit structure in social assistance. Implementing these changes would help to break down barriers to work for both people with disabilities and people without disabilities while moving the system closer to balancing adequacy, fairness, and financial incentive to work.

The building blocks approach would achieve greater simplicity at the outset, and set the stage for further progress toward a fully transformed system where a disability benefit, children's benefits, and extended health benefits are available outside social assistance to all low-income Ontarians.

For illustrative purposes, the tables in Appendix G show the initial values of the three building blocks.

Fully implementing all of the changes outlined in this chapter will take time. In Chapter 6, we outline early implementation priorities for changes to the benefit structure and other elements of the social assistance system so that Ontario can move forward with the process of change.

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[68] Medical travel for status First Nations residents is generally covered by the federal government.

Chapter 3: Strengthening Accountability

It is time that unemployed and underemployed people were treated in a manner that assumes they, along with the rest of the general public, are capable of being honest and responsible. It is well understood that our society has a legitimate expectation that social assistance funds are only being provided to those who are truly in need, and that the system provides safeguards to ensure that this is the case. [Our] point is that it should be possible to provide those safeguards and assurance, without devoting substantial resources to activities that appear to provide this assurance, but in reality are known to be superfluous.

–Submission, Ontario Municipal
Social Services Association

Introduction

A strong accountability framework is needed to make the social assistance system effective and sustainable. This framework must articulate clear outcomes for the system, specify how progress toward these outcomes will be measured, and set out the roles and responsibilities of the Province and municipalities and First Nations in achieving results. Effective and transparent mechanisms must also be in place to ensure that social assistance recipients comply with program requirements.

In this chapter we look at these three aspects of accountability:

- Outcomes and performance measures;
- Roles and responsibilities;
- Compliance requirements.

Outcomes and performance measures

Articulating outcomes

One of the long-standing objectives of the social assistance system has been to provide income support and to assist people to move into employment. Beyond this general view of its overall purpose, there have been no well-defined outcomes expected of the program. Any meaningful accountability framework demands clear articulation of the intended outcomes. In social assistance, this would provide the foundation for assessing how well the system is performing.

The discussion of the rate methodology in Chapter 2 reflects our view of the intended outcome of the income support side of social assistance: there should be a balance between the three goals of adequacy of benefits, fairness between social assistance recipients and low-income people who are working, and financial incentive to work. We have also described the benchmarks to be developed to assess how well these three goals are being balanced and met. This explicit outcome, with the stated goals and benchmarks of the benefit structure, represents an important advance in improved accountability for and transparency of income support expenditures.

On the employment side, the intended outcome of the program has never been defined in sufficient detail to help shape the program. A broad outcome of "employment" does not differentiate between disparate program aims. One program may be aimed at obtaining a short-term job, which may result in the recipient's returning to social assistance within a short time. Another program may be aimed at education or training that could result in a long-term career path that makes it possible for the recipient to leave social assistance behind. With this lack of clarity in intended outcomes, caseworkers in different municipalities and First Nations pursue different objectives in their work with clients, making it very difficult to assess whether the system is effective over all.

The system should be guided by a more precise view of its intended outcomes regarding employment. In Chapter 1, we set out ways to advance the overall objective of helping support people in contributing to the labour force and the community to the maximum of their individual potential (a "distance from the labour market" approach, resources focused on people with disabilities and others with multiple barriers to employment, individual Pathway to Employment Plans). Employment-related outcomes need to be grounded in that overall objective. This means that the outcomes of the program should focus on *more sustainable* employment.

RECOMMENDATION »

68. We recommend that the Province define outcomes regarding employment services and supports, grounded in the overall objective of helping to support people in contributing to the labour force or the community to the maximum of their individual potential, and ensure that the intended outcome of employment assistance is to help people achieve more sustainable employment.

Performance measures and targets

Funding arrangements for Ontario Disability Support Program (ODSP) Employment Supports are currently based on performance measures, including job placements, retention, and earnings. Ontario Works service agreements also tie 20 per cent of employment assistance funding to performance measures related to employment, including exit rates from social assistance, job retention rates, and average earnings. These measures are not sufficient to provide a clear picture of how the system is performing as a whole or how well it is addressing the needs of all clients.

As municipalities and First Nations become managers responsible for the new integrated program, negotiated service agreements with the Province will need to establish performance measures and targets that reflect the range of needs of recipients and include criteria for assessing progress in helping recipients "get closer" to the labour market. Service agreements are part of the current system, but in the new system, they should more strongly reflect the joint accountabilities of the parties and their commitment to performance measurement and improvement.

Both short- and long-term targets for progress on each performance measure should be set out in the service agreements. This would provide early and regular indicators of whether there are shortfalls that need to be identified and addressed over time.

> *A persistent challenge is for governments to develop indicators and measures of the sometimes complex mix of interventions required to move people with significant barriers to employment along a continuum that may begin with little or no attachment to the labour force to working at one or more jobs that are consistent with their long-range career goals.*[69]
>
> –Cameron Crawford

As we have discussed in Chapter 1, some recipients are able to leave social assistance for employment without the need for significant support from the system, while others may require more intensive and comprehensive supports. In order to ensure that people with disabilities and others with multiple barriers to employment are prioritized and provided with the more intensive supports they may require, targets should be designed so that an overall or average success rate does not obscure the results. For example, the difference in outcomes between the most and least successful recipients could be measured, and targets set to narrow the gap. Such performance measures and targets, including targets for overall gap reduction, would help ensure that municipalities and First Nations focus on recipients facing the most challenging barriers, as well as on those whose path to employment is relatively smooth.

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[69] Cameron Crawford, *Towards an Understanding of Effective Practices in Employment Programs for People with Disabilities in Canada* (Toronto: Institute for Research and Development on Inclusion and Society, 2012), p. 32: irisinstitute.files.wordpress.com/2012/01/employment-program-best-practices_iris.pdf.

RECOMMENDATION »

69. We recommend that specific targets be developed for each service delivery area, incorporated into service agreements between the Province and individual municipalities and First Nations, setting out the expected size of the caseload and taking into account the entire continuum of recipients' needs and their potential to contribute to the labour force or the community.

The process of determining performance measures that are truly outcomes-based, and not simply based on activities and inputs, will take time, research, and rigorous evaluation. Although the Province would be responsible for establishing outcomes, the perspectives and expertise of many others, including municipalities and First Nations, recipients, employers, and community agencies, will be critical to ensuring that the measures are sound and appropriate.

RECOMMENDATION »

70. We recommend that performance measures against defined outcomes be developed together with municipalities and First Nations, recipients, employers, community agencies, and others as needed to ensure that these measures are sound and appropriate.

Research shows that performance-based funding arrangements have an important role to play in driving results, encouraging innovation, and improving the responsiveness of agencies to clients' and employers' needs.[70] Where municipalities and First Nations use third parties to deliver employment services, those funding agreements should also be performance-based, with clear outcomes and targets to ensure that recipients who face the greatest barriers to employment receive the services and supports they need to be successful. As we have described, people have different needs and will require different services to make progress along a continuum of readiness to move into employment. Performance-based funding should be based on the specific milestones recipients achieve along the continuum.

To ensure that performance-based funding does not incent third party delivery partners to serve those with the fewest barriers to employment, the funding arrangements should provide higher funding levels for successful job placement and retention for recipients assessed with greater barriers compared with recipients in need of fewer supports. This approach is widely practised in the U.K., Australia, and the U.S.[71] We have also proposed, in Chapter 1, that a standard means of assessing recipients' distance from the labour market be introduced. The results of these assessments should be used as a basis for determining the level of performance payments made to delivery partners.

To augment performance-based funding, it is important that agencies also be provided with basic core funding to help ensure the stability of organizations.

RECOMMENDATION »

71. Where municipalities and First Nations use third parties to deliver employment services, we recommend that funding agreements consist of base funding and performance-based funding, with clear outcomes and targets designed to ensure that people with disabilities and others who face the greatest barriers to employment receive the services and supports they need.

Gathering meaningful data and making it public

Data collection and dissemination, research, and evaluation in social assistance need to be higher priorities in Ontario.

The Ministry of Community and Social Services (MCSS) currently reports monthly caseload statistics on its public website. However, these reports provide little more than a breakdown of the number of people receiving assistance. They do not provide insight into how successful the programs are in supporting people to find more sustainable employment.

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[70] See, for example (i) David Armstrong, Yvonne Byrne, Lisa Patton, and Sarah Horack, *Welfare to Work in the United States: New York's Experience of the Prime Provider Model*," prepared for Department for Work and Pensions (London: Department for Work and Pension, November 2009); (ii) Dan Finn, *Outcome Based Commissioning: Lessons from Contracting out Employment Skills Programs in Australia and the USA*, prepared for UK Commission for Employment and Skills, Centre for Economic and Social Inclusion (London: UK Commission for Employment and Skills, June 2010).

[71] Ibid.

Key information to help measure the performance of individual municipalities and First Nations is also needed to assess the success of the program as a whole. This could include recipients' barriers to employment, their experience in the program and upon exiting the program, the kinds of jobs they find and how long they retain them, and whether they use the skills they obtained while receiving social assistance. This type of data is not systematically tracked, analyzed, and reported on across the province, although some Ontario Works delivery agents have developed their own individual data collection sets in these areas.

The Poverty Reduction Strategy identifies several groups at high risk of poverty: immigrants, women, single mothers, people with disabilities, Aboriginal peoples and racialized groups. As we heard in our discussions with administrators and advocacy organizations, better outcome data is needed in order to evaluate the extent to which the social assistance system is addressing the needs of individuals in higher-risk and disadvantaged groups.

Over all, a strong commitment to collecting and evaluating a range of quality outcome data is required.

We need a more rigorous and transparent system of information collection and evaluation, along with continuous improvement strategies. Greater use should be made of information-sharing agreements and pilot projects to support a coordinated, transparent, and properly resourced research and evaluation agenda. Included in this work should be longitudinal studies showing what happens over time to people who are, or have been, receiving social assistance. Surveys and other research techniques should be used to measure how recipients experience the system and to ensure that their views are considered in program delivery and development.

Pilot projects are particularly valuable for trying out innovative ideas, targeting areas where the research is unclear and further knowledge is required (e.g., in assessing the impact of increases to asset limits), and continuing to identify best practices. Pilots should be developed in a transparent manner, involving a range of stakeholders in defining the issues to be explored, and clearly stating how success or failure will be measured. As we discovered through the course of our review, there is very limited published evaluation research on social assistance in Canada. We could learn from other jurisdictions, such as the U.S. and the U.K., where governments are frequently more willing to express uncertainty about the potential benefits of particular policy changes and undertake pilots and fact-based dialogue on options as part of the process of policy development.

As part of a research and evaluation agenda, it is also important to consider the return on investment from improving employment outcomes for social assistance recipients. (We discuss this further in Chapter 7.)

RECOMMENDATION »

72. We recommend that baseline and outcome data be collected to provide the basis for evaluating how well the social assistance system is addressing the needs of recipients, including individuals in the higher-risk groups identified in the Poverty Reduction Strategy.

Public reporting on system performance

Municipalities and ODSP Employment Supports providers report to the Province on various measures, but the public, researchers, and other stakeholders have no central access to these results. First Nations have little in the way of baseline data or benchmarks to assess and report on performance.

To strengthen accountability, we need a much stronger system of public reporting on how well the social assistance system is working in each community and across the province.

Each municipality and First Nation should develop an annual performance report on their progress against the targets set out in service agreements. First Nations should be supported to develop the capacity and technological infrastructure to prepare such reports. The Province should prepare and release to the public a plain language consolidation of these performance reports as an annual "report card" on Ontario's social assistance system.

An annual assessment of the social assistance system as a whole should accompany the report card. This should include analysis of trends, strengths, areas in need of improvement, and a plan for the coming years. The annual report card should also assess the implementation of the transformation of social assistance and be included as part of the government's legislated annual report on the progress of the Poverty Reduction Strategy.

RECOMMENDATIONS »

73. We recommend that each municipality or First Nation develop an annual performance report highlighting progress against their targets.

74. We recommend that the Province prepare and release to the public a plain language consolidation of municipal and First Nations performance reports as an annual "report card" on Ontario's social assistance system.

75. We recommend that the annual report card be accompanied by an assessment of the social assistance system that identifies trends, strengths, and areas in need of improvement and sets out a plan for the coming years.

76. We recommend that the annual report card assess the implementation of the transformation of the social assistance system and be included as part of the government's legislated annual report on the progress of the Poverty Reduction Strategy.

Roles and responsibilities

Accountability depends on clear lines of responsibility, at both the provincial and local levels, for the outcomes and performance of the system. Processes and mechanisms need to be in place to ensure that there are strong partnerships and working relationships, and that all involved meet their commitments and support accountability.

Provincial Commissioner for Social Assistance

At the provincial level, a senior public servant should be designated as the Provincial Commissioner for Social Assistance ("Provincial Commissioner") to lead the transformation process and be the clear point of accountability for social assistance in Ontario within the public service. To be successful, reform will require dedicated leadership, both to engage people with lived experience and other key stakeholders as part of managing change and to oversee accountability and performance at the provincial and local level.

This individual should have responsibility for the operation of the program and management of its budget. He or she should lead the process, with other partners, of establishing performance measures, as described above, and be responsible for coordinating data collection, evaluation, and research activities, and for reporting on the performance and integrity of the system as a whole. He or she should ensure a whole-of-government approach through partnerships and coordination with other ministries. This is particularly important with respect to the Ministry of Training, Colleges and Universities (MTCU), since that ministry's links to employment services at the local level will be important in tracking participation and outcomes consistently across employment services.

To operate effectively within the provincial public service, the Provincial Commissioner should hold the rank of associate deputy minister.

RECOMMENDATIONS »

77. To lead the transformation and be the clear point of accountability for social assistance, we recommend that the Province appoint a senior public servant as the Provincial Commissioner for Social Assistance (the Provincial Commissioner), with the position carrying the rank of associate deputy minister.

78. We recommend that the Provincial Commissioner have responsibility for the operation of the social assistance program and management of its budget.

79. We recommend that, in consultation with municipalities, First Nations, and others, the Provincial Commissioner lead the process of establishing performance measures. We further recommend that the Provincial Commissioner be responsible for coordinating data collection, evaluation, and research activities, and for reporting on the performance and integrity of the system as a whole.

A new role for municipalities and First Nations

As discussed in Chapter 1, municipalities, as well as First Nations, would have new roles and responsibilities in the new integrated social assistance program.

Municipalities would also have a key role and responsibility for service planning and management, including in the integration of social assistance with other human services, and in workforce development planning within their communities. This builds on their expertise in system service management in other areas of (e.g., child care and housing), their ability to innovate, and their capacity to take advantage of greater program flexibility to address the unique needs of their communities. In particular, they would be instrumental in developing integrated service plans for social assistance and employment services.

Through strengthened service agreements with the Province, municipalities and First Nations will be accountable for their performance and for the outcomes of the recipients they serve.

Each municipality or First Nation should designate a senior official with overall responsibility for local delivery and coordination of the social assistance program. This individual would be a clear point of contact for the Provincial Commissioner.

RECOMMENDATIONS »

80. We recommend that service agreements clearly describe roles and responsibilities in social assistance, including those of the Province in establishing system outcomes and standards and disseminating best practices and those of municipalities and First Nations in achieving targets related to outcomes and performance measures.

81. We recommend that each municipality or First Nation designate a senior official to assume overall responsibility for local management and delivery of social assistance and to serve as a clear point of contact for the Provincial Commissioner.

Coordinating council

To enhance coordination across the province and help ensure that operational knowledge, sharing of best practices, and research help to inform social assistance policy, the Province should establish a coordinating council of representatives of municipalities and First Nations. The council should be chaired by the Provincial Commissioner and supported by a dedicated secretariat. Its function would be to oversee system performance and improvement.

With the involvement of MCSS, the Ministry of Municipal Affairs and Housing, and the Ministry of Education, the coordinating council could also work to identify issues standing in the way of improved integration of human services, including social assistance, housing, and child care. We learned that despite some progress, practical barriers to integrating these services at the local level remain. Policy objectives, funding streams, eligibility standards, definitions, and accountability requirements at the provincial level remain siloed. For example, we heard through the Ontario Municipal Social Services Association (OMSSA) about the poor client service and waste of caseworkers' time owing to the lack of an integrated privacy framework and the resulting obstacles to sharing recipient information across program boundaries. (Through the review, we set the stage for further dialogue by facilitating conversations between OMSSA, the Information and Privacy Commissioner and ministries.) The council could be a collaborative forum to provide advice on integrated delivery of the full range of human services.

RECOMMENDATION »

82. We recommend that the Province establish a coordinating council of representatives of municipalities and First Nations, chaired by the Provincial Commissioner and supported by a dedicated secretariat, to oversee system performance and improvement.

Stakeholder advisory body

We also see a role for a broader range of stakeholders, including recipients, advocates, employers, labour representatives, community agencies, and others, in advising the Provincial Commissioner, tracking the implementation of reforms, and monitoring the ongoing evolution of the system. If experience suggested that it would be valuable to do so, some form of cross-representation between this body and the coordinating council could be explored.

RECOMMENDATION »

83. We recommend that the Province establish a stakeholder advisory body, made up of people receiving social assistance, advocates, employers, labour representatives, community agencies, and others as appropriate. This body would advise the Provincial Commissioner, track the implementation of reforms, and monitor the ongoing evolution of the system.

Cross-ministry partnership and coordination

As more sustainable employment becomes a key outcome for social assistance, it is clear that MTCU also has a significant impact on and linkage with the performance of the system. It is critical that the Province put in place effective and transparent mechanisms to help ensure a strong partnership between MTCU and MCSS at the provincial level, and between the two ministries and the local level. In managing the system, officials need to work together to avoid service duplication, identify and address service gaps, and manage services efficiently.

There are a number of possible mechanisms to help ensure that this key partnership takes hold. For example, the U.K. has used "public service agreements," which are public documents, often approved by Cabinet. Entered into by two or more departments, they specify the agreed shared outcomes of defined policy objectives, which community and other partners will be involved, how progress toward the objectives will be measured, and the frequency of reports to the public. Public service agreements have proven effective in motivating and driving cross-department and cross-program performance, particularly when they are approved by Cabinet and thus carry the weight of a whole-of-government commitment.

Other jurisdictions have taken different approaches, such as combining the programs in a single ministry as Alberta and other provinces have done. Another example can be seen at the federal level, where the Deputy Minister of Labour is cross-appointed as Associate Deputy Minister of Human Resources and Social Development Canada to ensure interdepartmental linkages.

It is important to note that, in addition to MTCU, other ministries are responsible for programs that affect the Province's goals for social assistance. Perhaps the most critical is the Ministry of Health and Long-Term Care (MOHLTC). As described in Chapter 1, its work on the adult phase of the Comprehensive Mental Health and Addictions Strategy is central to improving outcomes for people receiving social assistance who have mental health challenges. It will be important to establish mechanisms to strengthen the linkages between MCSS and MOHLTC as well.

For us, the key issue is not the precise mechanism for establishing partnerships and coordination, but rather that each ministry contribute in an accountable and transparent manner to the achievement of the outcomes of the social assistance system.

Given the importance of social assistance reform to the social and economic health of the province, the Province should also broaden the mandate of the Poverty Reduction Results Table (established in 2009 to guide and monitor the implementation of Ontario's Poverty Reduction Strategy) to include oversight of the progress of social assistance reform across ministries.

This would contribute to forging linkages and cross-ministry communication about the elements of change and would help to drive results.

RECOMMENDATION »

84. We recommend that the Province broaden the mandate of the Poverty Reduction Results Table to include oversight of the progress of social assistance transformation.

Accountability for performance

The Provincial Commissioner should have the clear authority to intervene if municipalities and First Nations are not meeting their targets, or if audits or evaluations reveal problems that are not being addressed. There should be no lack of clarity about where the ultimate accountability lies for providing the services necessary to achieve the essential social and economic goals of Ontario's social assistance system. As in other areas of public policy, the Province should have authority to intervene to various degrees if outcomes are not being achieved at the local level.

One approach to dealing with falling short of targets is found in the U.S. federal government. Under various pieces of federal legislation, states may be penalized for non-achievement of program requirements through the withholding of federal grants. For example, under the Temporary Assistance for Needy Families (TANF) program, states that do not meet the program requirements can be penalized up to 25 per cent of their annual TANF grant allotments. The state can access these funds if it submits to the federal government an acceptable "corrective action plan."[72]

RECOMMENDATION »

85. We recommend that the Province ensure that the Provincial Commissioner has the clear authority to intervene if municipalities and First Nations are not meeting their targets, or if audits or evaluations reveal problems that are not being addressed.

Compliance requirements

Many of our recommendations to simplify and streamline the benefit structure (Chapter 2) would result in a system that is simpler and more transparent. This would make it easier to ensure that the system is accountable to all Ontarians, including social assistance recipients themselves.

Mechanisms are currently in place to prevent and address misuse of the system, and it is important that these continue. In addition, the increased focus on interacting directly with recipients (starting with the Pathway to Employment Plan) would provide more opportunities for even stronger accountability.

The need to verify and review eligibility

The most critical elements of a compliance regime in social assistance are the processes for verifying and reviewing eligibility. These processes confirm whether an individual is eligible for social assistance, at the time of application and on an ongoing basis, and how much income support they may receive.

Currently, applicants must provide numerous documents to confirm their status and determine eligibility. These include birth certificates, rent receipts, immigration status documents, health cards, pay stubs and bank statements. The caseworkers must see all of these documents to verify them, and some must be copied and retained on file. As part of maintaining ongoing eligibility, recipients must advise their caseworkers of their income every month, in person or, in ODSP, by phone, regardless of whether there has been a change in income since the previous month. They must also report monthly on any changes to their circumstances (for example, changes to housing or child care costs). Ontario Works recipients must produce pay stubs and receipts to verify income or changes in expenses. In ODSP, recipients without earned income are only required to report on changes in circumstances as they arise.

MCSS is in the process of implementing a new Eligibility Verification Process (EVP), which flags risks in eligibility based on a risk model developed by Equifax, a consumer credit reporting agency. These risk flags are newly developed and are an improvement over previous risk identifiers. Recipients are ranked each month according to the level of risk identified in the EVP. Administrators are required to review the eligibility of the top three per cent of cases in Ontario Works and the top one per cent in ODSP cases, regardless of the level of risk each individual case may represent.[73]

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[72] U.S. Department of Health and Social Services: www.acf.hhs.gov/programs/ofa/law-reg/finalrule/aspesum.htm.

In the following sections, we discuss how more could be done to make the information verification processes more efficient and more reflective of the level of potential risk to the integrity of the program.

> *Streamline the level of eligibility monitoring. For example, limit the withholding of benefits for failure to provide information to only those circumstances that involve serious issues of current eligibility; eliminate income reporting where there is no income; and reduce ongoing documentary review to a practical level.*
>
> –Submission, Ontario Federation Of Labour

Risk-based eligibility reviews

As the EVP is fully implemented, ongoing eligibility reviews should move to a more risk-based approach. Thresholds for reviews should thereafter be based on the risk profile of recipients rather than on an arbitrary percentage of cases, as is currently the case.

The new risk-based eligibility reviews should be part of an overall risk management plan for social assistance, developed by the Provincial Commissioner in consultation with municipalities and First Nations. The plan should identify the appropriate level of risk tolerance for the system and provide for continuous review of the compliance regime. Specific evaluations could include working with individual municipalities and First Nations to regularly assess whether risked-based audit systems are indeed keeping errors and misuse within the defined risk tolerance level.

RECOMMENDATIONS »

86. We recommend that as the new Eligibility Verification Process is fully implemented, ongoing eligibility reviews move to a more risk-based approach, where thresholds for reviews are based on the actual risk profile of recipients rather than on a percentage of cases.

87. We recommend that the Provincial Commissioner, in consultation with municipalities and First Nations, develop an overall risk management plan for social assistance that identifies the appropriate level of risk tolerance for the system and provides for continuous review of the compliance regime.

Medical reviews

Under the current definition, individuals are eligible for ODSP if the substantial disability affecting them is expected to last one year or more. If the impairment is expected to improve after that time, recipients are assigned a medical review date between two and five years from the date of granting eligibility.

Currently, approximately 30 per cent of new cases granted eligibility for ODSP are assigned a medical review date. However, the ministry has not been consistently conducting these medical reviews, and there are currently approximately 40,000 reviews outstanding.

Timely and regular medical reviews are fundamental to the integrity of the program and ensure proper accountability for expenditures. In addition to the changes in program eligibility reviews, the Province should more vigorously pursue medical reviews of ODSP recipients, and develop a strategy to deal with the backlog of reviews as a priority. Such a strategy should include helping individuals with pending medical reviews to access employment services and supports. (Based on the results of a ministry pilot of medical reviews from 2009 to 2011, there is considerable potential for savings to the program, which we discuss further in Chapter 6.)

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[73] The difference in the percentage of cases reviewed may be attributable to the fact that Ontario Works recipients are less likely than ODSP recipients to receive social assistance for long periods and more likely to find employment and experience a change in their personal circumstances.

RECOMMENDATION »

88. As a priority, we recommend that the Province undertake to address the backlog of medical reviews for ODSP recipients and commit to performing ongoing medical reviews to improve accountability.

> *The information a worker must understand and apply rules to — from interpreting Equifax reports to analyzing cash surrender values on life insurance to various government legislation — is so baroque and so far removed from what the applicant wants, needs and can comprehend, that the system is set up to create conflict rather than helping relationships.*
>
> –Submission, The District of Cochrane Social Services Administration Board

Reducing paper documentation

Rather than relying on examining paper documentation at the time of application, automated verification of information already collected by other government organizations could be used more extensively. For example, instead of requiring physical documentation related to dependents, such as birth certificates, administrators could use information already provided to the Canada Revenue Agency (CRA) related to children's benefits. This would be far simpler for recipients and caseworkers, and some documents would no longer have to be retained on file. For this to work, the Province would need to improve its information-sharing agreements and information technology arrangements between ministries and with other orders of government.

RECOMMENDATION »

89. We recommend that the Province improve its information-sharing agreements among ministries and with other orders of government with a view to reducing the need for paper documentation in the course of verifying and reviewing eligibility for social assistance.

Extending exception-based reporting

The exception-based reporting model currently in place for ODSP recipients without earnings should be extended to all social assistance recipients. People receiving social assistance would only have to report when there is a change in their monthly income. If no change is reported, it would be assumed that the individual's income is the same as it was in the previous month. Exception-based reporting, in combination with the simplified rules in the benefit structure, would significantly reduce reporting requirements. This would help drive change in the relationship between recipients and caseworkers, with a new focus on supports and services rather than on "policing" eligibility.

RECOMMENDATION »

90. We recommend that the Province extend to all social assistant recipients the exception-based reporting model currently in place for ODSP recipients without earnings, so that all recipients are only required to report when there is a change in their monthly income.

Online reporting

Recipients should be given the option of reporting changes in their circumstances online. This approach is more efficient, and may enable future administrative cost savings.

As is the case for Canadians who file their income tax returns or insurance claims online, recipients who choose to report changes in this way would be expected to retain the supporting documents so that they may be verified in the future. We recognize that some recipients would not be able to take advantage of this option. They may lack computer literacy or access to a computer or Internet service, or they may have difficulty retaining records owing to unstable housing and frequent moves. Others may not want this level of accountability and would choose to continue with the current reporting approach.

RECOMMENDATION »

91. We recommend that the Province offer social assistance recipients the option of reporting changes in their circumstances online.

Potential for an audit-based system of verification and compliance

As part of our consideration of accountability issues, we looked very carefully at whether it would be feasible to move to a more audit-based system of up-front verification and compliance. This approach would be similar to CRA's approach to income tax filings, in which people file their returns and maintain the necessary documentation in case of an audit. People are expected to provide accurate information without up-front verification. If discrepancies are found through an audit, tax filers must pay the difference, as well as interest payments and penalties, even if the misstatement was unintentional. Effective penalties are an essential component of an audit-based system.

We concluded that it would not be practical to apply these types of penalties to individuals who have such limited financial resources. As a result, we do not recommend a more intensive audit-based approach in the social assistance context.

Chapter 4: Acting on Income Security

> *It is important to examine the role that Ontario Works and ODSP actually play in Ontario's social safety net today…. In today's world of a degraded labour market and the erosion of many of the programs that provided support in the past, the failings of social assistance programs become acute and a different approach is required. For example, when fewer than 40 per cent of the unemployed in Ontario are eligible for Employment Insurance and Ontario Works becomes the only source of support, the impact of failures in the current program is far-reaching – either because of the impoverishment it creates for those who require support, or the debt that households take on in order to avoid such a stigmatizing program.*
>
> –Submission, Income Security Advocacy Centre

Introduction

The objective of helping people move into more sustainable employment and achieve stable incomes cannot be achieved through social assistance transformation alone. Our mandate recognizes this and asks us to make recommendations for a reformed social assistance system that will be "acknowledged as one part of a larger income security system that encompasses municipal, provincial and federal programs."[74]

In previous chapters, we made recommendations regarding some of the factors outside social assistance that affect income security:

- Integrating social assistance with the other human services provided by municipalities as part of a coordinated effort to improve outcomes;
- Considering social assistance rates in the context of a broader review of minimum wage policies;
- Providing vital benefits, outside social assistance, to all low-income Ontarians.

In particular, the lack of access to comparable children's benefits and disability benefits outside social assistance creates a risk for many people who are trying to exit the program for work. It also contributes to a lack of income security for low-income working Ontarians. The Province should engage the federal government in further enhancing children's benefits and in partnering to introduce a disability benefit outside social assistance.

> *If removal of disincentives to employment for social assistance recipients highlights the plight of those in low-paying jobs who do not have access to similar supports, the response should not be the cutting off those supports. Rather, this should focus provincial and federal government attention upon that segment as well, and new and expanded programs may be developed.*
>
> –Submission, Employment Sector Council London-Middlesex

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[74] See Appendix D, Terms of Reference, in Mandate.

RECOMMENDATION »

92. We recommend that the Province engage the federal government in further enhancing children's benefits and in partnering to introduce a disability benefit outside social assistance.

Like many other jurisdictions around the world, our country and our province are facing a growing gap in incomes. Lower-income populations are not benefiting proportionally from our economic growth. In turn, this creates a significant disincentive for people to exit social assistance because, as we have said, work often "doesn't pay." Lack of action to address income inequality is part of what traps people in social assistance.

Economist Joseph Stiglitz and others have documented the high social costs of the extreme polarization of incomes and its destabilizing impact on economies.[75] Income inequality is worthy of a more focused discussion across our country and a concerted effort to develop strategies to reverse the trend. We encourage the federal government and provincial/territorial leaders to turn their attention to income inequality as a key priority. This is necessary in order to make progress in developing a national response to the challenge of income security.

In this chapter, we discuss the policy challenges for social assistance arising from the growing inequality of incomes. Specifically, we consider two problem areas that need to be addressed:

- Changes in the skill mix in the job market;
- The contribution of benefit and tax-transfer policies.

We also discuss other areas where weak policies negatively affect social assistance as part of the income security system.

The job market

We have referred to the prevalence of non-standard jobs elsewhere in this report. Increasingly, the jobs available are temporary or part-time, often at low wages. This type of employment does not often provide stable incomes and extended health benefits. The number of jobs in Ontario has increased significantly over the past decade, but a great many of them fall into this category. At the same time, mid-skilled jobs are declining as a portion of the labour market.[76] Declining with them are opportunities for lower-skilled workers to progress along a career path by enhancing their skills and income. Many will be trapped in low-skill, low-wage employment because there are fewer and fewer jobs at the next level. This has significant social and economic implications, and it directly affects social assistance recipients who are trying to move into sustainable employment.

The Province has established the Jobs and Prosperity Council to generate new ideas and approaches for improving Ontario's long-term productivity and competitiveness. The Province should build on this effort and develop, in concert with the work of the Council, a comprehensive human capital development strategy. In order to improve productivity and provide higher incomes, the strategy should look at the demand side of the labour market, help drive strategic investment in workforce development, and expand the supply of better jobs that promote career advancement. The Province should also reach out to the Forum of Labour Market Ministers to help ensure that provinces and territories have the data and evidence base to guide the development of appropriate labour market strategies.

RECOMMENDATION »

93. We recommend that, in concert with the work of its Jobs and Prosperity Council, the Province develop a comprehensive human capital development strategy. We further recommend that the Province work through the Forum of Labour Market Ministers to help ensure that provinces and territories have the data and evidence base to guide the development of appropriate labour market strategies.

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[75] See, for example, Joseph E. Stiglitz, ***The Price of Inequality: How Today's Divided Society Endangers Our Future*** (New York: W.W. Norton & Company, Inc., 2012).

[76] Tom Zizys, ***Working Better: Creating a High-Performing Labour Market in Ontario*** (Toronto: Metcalf Foundation, 2011): metcalffoundation.com/publications-resources/view/working-better-creating-a-high-performing-labour-market-in-ontario/.

Benefit and tax-transfer policies

Benefit and tax-transfer policies in our province and our country are no longer able to adequately address the growing inequality of incomes. Recent reports have described this problem, including those by The Conference Board of Canada[77] and the Organisation for Economic Co-operation and Development (OECD). The OECD points to the reduced impact of means-tested transfers and changes in income tax rates since the mid-1990s as one of the main factors contributing to income inequality in Canada. Its report notes that, prior to the mid-1990s, the Canadian tax-benefit system offset more than 70 per cent of the rise in market income inequality. This has since declined to 40 per cent.[78]

Ontario cannot reverse this trend in isolation. The Province needs to engage the federal government to help initiate a review of rising income inequality and the increasing inability of the benefit and tax-transfer system to address it as it has in the past.

Ontario has already identified the need to transform its system of benefits. As part of this work, the Province should review its existing range of low-income benefits and tax transfers with a view to improving their ability to provide secure incomes to low-income populations. In this review, the Province should also look at how these initiatives can be better integrated and delivered through the tax system. There may be useful examples in other jurisdictions. For example, the U.K. has recently taken significant steps to improve the integration of a range of benefits through the creation of a Universal Tax Credit. The Ontario Child Benefit and the recent step by Ontario to consolidate tax initiatives through the Ontario Trillium Benefit establish a valuable platform for changes in the way low-income benefits are provided in Ontario.

We encourage the Province to engage the federal government and the other provinces to help initiate a broader review of the benefit and tax-transfer system in this country. Such a review should consider the development of an integrated income security plan that consolidates federal and provincial benefits and tax transfers.

Some may be concerned that the development of an integrated income security plan would amount to a Guaranteed Annual Income (GAI), an idea that has raised concerns but also has support from voices across the country—including members of the Senate Standing Committee on Social Affairs, Science and Technology. In many respects, we have a form of GAI in place today, in that we already have numerous income security initiatives through earnings supplements, children's benefits, and other measures. Taken together, these amount to a GAI, albeit a highly uncoordinated one.

Along with the focus on improving the coordination of the benefit and tax-transfer system, the broad reviews we are recommending should address the problem of marginal effective tax rates (METRs). METRs are the rates at which income-tested tax credits and benefits are withdrawn, combined with the impact of income taxes, as incomes rise through increased earnings. The level of the METR determines the extent of the financial incentive to work. If METRs are low, people lose their benefits more slowly as they begin to earn, increasing their incentive to work. If METRs are high, people lose their benefits more quickly, reducing the incentive to work.

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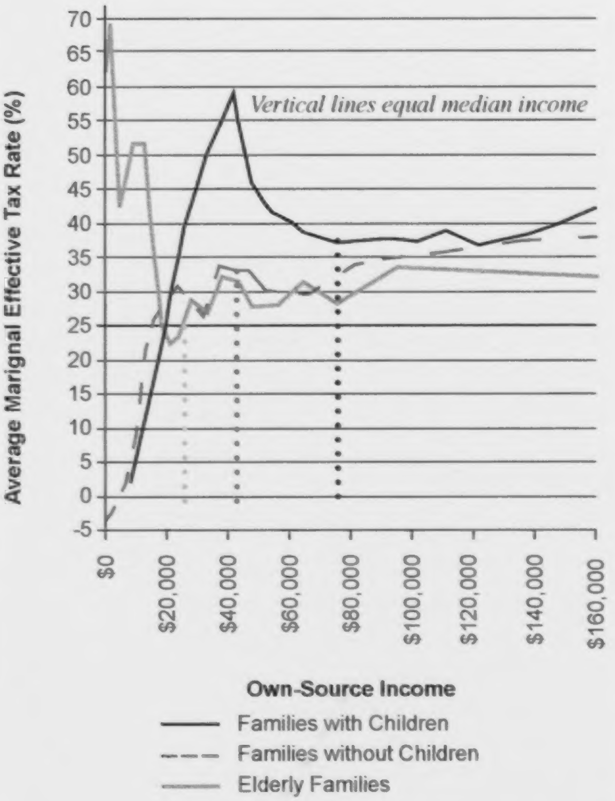
[77] The Conference Board of Canada, *Canadian Income Inequality: Is Canada Becoming More Unequal?*: www.conferenceboard.ca/hcp/hot-topics/caninequality.aspx.

[78] OECD, *Divided We Stand: Why Inequality Keeps Rising, Country Note: Canada* (OECD, 2011): www.oecd.org/canada/49177689.pdf.

The table below, compiled by the C.D. Howe Institute, illustrates the average METRs in Ontario in 2011.[79]

Table 17:

Average Family Marginal Effective Tax Rates (METRs) in Ontario, by Family Types 2011.



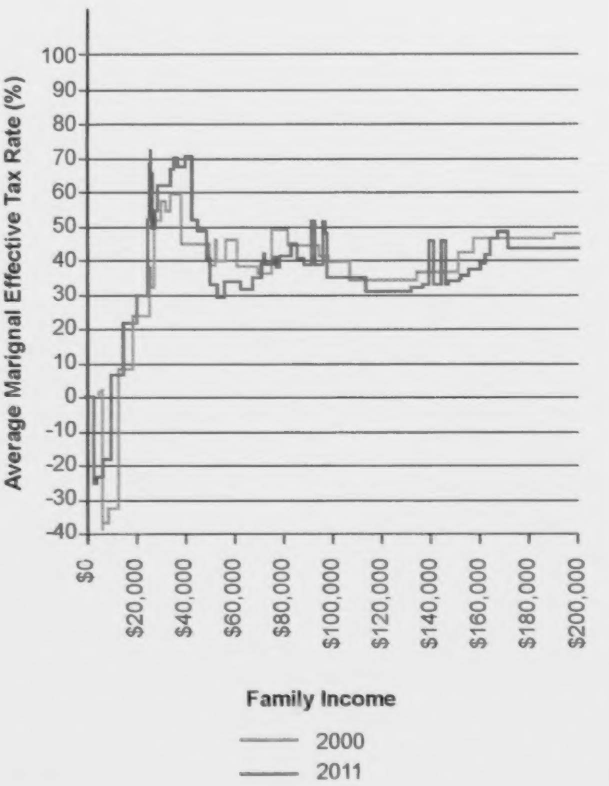
Note: This chart shows average METRs calculated for each income vintile. Vintiles divide the income range into 20 equal parts, so that the bottom vintile, for example, represents the 5 percent of families whose incomes are lower than the next 95 percent. Families with children are single- or dual-parent families with minor children. Families without children are non-elderly single individuals and married or common-law couples without children. Rates are computed on the incremental income earned by the higher earning spouse. Recipients of social assistance are excluded from the sample. Elderly families are single individuals at least 65 years old and married or common-law couples with at least one spouse 65 years or older, without children. Rates for elderly individuals are computed on income from taxable pension sources.

Source: C.D. Howe Institute.[80] Used with permission.

As shown in the table below, high METRs are a most significant problem for low-income families with children in Ontario.[81]

Table 18:

Marginal Effective Tax Rates (METRs) for a Typical Dual-Earner Family of Four (Two Parents, Two Children), Ontario 2000 and 2011



Assumptions: Each parent earns 50% of the family's income and children are both under 5 years old. The family's income source is employment. For calculating tax credits for shelter costs, $1,000 per month rent is assumed. Child care expenses are not modeled.

Source: C.D. Howe Institute.[82] Used with permission.

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[79] Alexandre Laurin and Finn Poschmann, *What's My METR? Marginal Effective Tax Rates Are Down–But Not for Everyone: The Ontario Case* (C.D. Howe Institute, 2011): www.cdhowe.org/what's-my-metr-marginal-effective-tax-rates-are-down-—-but-not-for-everyone-the-ontario-case/11348.

[80] Ibid.

[81] Ibid.

[82] Ibid.

RECOMMENDATIONS »

94. Given that rising income inequality imposes a social and economic burden on Canadians, we recommend that the Province engage the federal government to help initiate a review of rising income inequality and the increasing inability of the tax-transfer system to address it as it has in the past.

95. We recommend that the Province undertake a broad review of existing benefits and tax transfers with a view to improving their ability to provide secure incomes to low-income Ontarians. This review should propose changes designed to better integrate benefits and tax transfers in order to lower administrative costs and marginal effective tax rates.

96. Since better integration of benefits and taxes is a Canada-wide issue, we recommend that the Province engage the federal government and other provinces to help initiate a broader review of the benefit and tax-transfer system.

Other areas of policy and program interaction

Policies and programs in many other areas impact social assistance. The consequences of weak or failed policies are reflected in the size and composition of the caseload and in the service needs of recipients.

For example, at the provincial level, the lack of access to affordable housing, child care, and mental health and addictions treatment has dire consequences for recipients and their capacity to stabilize and improve their lives.

The same impacts can be found in areas of federal responsibility. For example, many unemployed Ontarians may turn to social assistance because they cannot access Employment Insurance (EI). Just over one-third of unemployed Ontarians receive EI, compared with more than half of unemployed people in other provinces. The Province has long advocated for fundamental changes to EI, and the Mowat Centre Employment Insurance Task Force made recommendations in November 2011 for EI reform to help improve the program.[83]

In the area of immigration policy, too, we see the impact of weak policies reflected in the social assistance caseload. Many immigrants face challenges in finding employment, including language barriers, lack of Canadian experience, or lack of recognition of their credentials, and may find themselves turning to social assistance for support.

The Working Income Tax Benefit (WITB) is an example of a policy instrument that is not as effective as it could be in the context of the social assistance system. In recognition of the impact of the low-wage labour market, the federal government has attempted to augment the incomes of low-income workers through this benefit. However, in its current design, WITB has had limited impact. The value of the benefit itself is low, and it begins to phase out at an income level well below full-time minimum wage. People receiving social assistance while earning some employment income may experience significant METRs with the compounded effect of the withdrawal of WITB at such low earnings levels and the withdrawal of social assistance benefits. Ontario's Poverty Reduction Strategy recognizes the weaknesses of the benefit and calls for an improved WITB.

These are examples of policies that are not doing enough to meet the needs of Ontarians. Although they are outside of our mandate, they do have an impact on social assistance. We encourage the Province to continue in its efforts to work with the federal government and municipalities to address these policy concerns.

We are also aware of more technical issues arising from poor federal-provincial coordination of income security programs. As with the "bigger picture" issues discussed in this chapter, they have an impact on social assistance. For example, we heard significant concerns from both recipients and administrators about the application process for programs such as EI and Canada Pension Plan Disability (CPPD).

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[83] Mowat Centre Employment Insurance Task Force, *Making it Work: Final Recommendations of the Mowat Centre Employment Insurance Task Force* (Toronto: Mowat Centre for Policy Innovation, 2011).

Many people turn to social assistance during the application process for EI and CPPD while they are awaiting a decision on whether they are eligible or during the waiting period before benefit payments begin. Once they receive benefits from these programs, recipients leave social assistance and the Province is reimbursed for the social assistance funds paid to them. The reimbursement arrangements are complicated, time-consuming and poorly coordinated. Although work is under way between governments to improve the process, we are of the view that people should not be forced to work through two different systems run by two different levels of government to find the support they need. Social assistance should not have to act as a stopgap for other income support programs. The federal government should be asked to introduce a supplement or other pre-payment program within EI and CPPD for applicants awaiting determination of eligibility or receipt of benefits.

RECOMMENDATIONS »

97. Given that there are a number of policy areas at the federal level that have an impact on social assistance, such as Employment Insurance, immigration, and the Working Income Tax Benefit, we recommend that the Province continue in its efforts to work with the federal government and municipalities to address policy concerns in these areas.

98. We recommend that the Province urge the federal government to introduce a supplement or other pre-payment program, within Employment Insurance and Canada Pension Plan Disability, to provide support to people awaiting determination of eligibility or receipt of benefits who may otherwise need to apply for social assistance in the interim.

Chapter 5: First Nations and Social Assistance

> *Our ultimate goal is to once again provide any needed social supports to our members on the basis of our own ways … on the basis of our own law which would accurately reflect the cultural, political, social and economic circumstances of our eight communities.*
>
> -Submission, *Mamaweswen*
> The North Shore Tribal Council

Introduction

We had the benefit of valuable discussions with First Nations throughout the course of this review, and we are grateful to the many communities, First Nations leaders, social assistance administrators, and other individuals who shared their perspectives and experiences with us.

First Nations communities brought to our attention a great many urgent needs with respect to social assistance, and we have done our best to address them in our recommendations. We have focused on increasing participation by First Nations in service delivery and affording their communities greater flexibility to serve their unique needs in a culturally appropriate way. We have also proposed changes to address significant problems with the current income support rules as described to us by First Nations, including the treatment of people living with their parents and asset limits.

First Nations have also called for more fundamental reforms that would place the delivery of social assistance in their own hands. In this chapter, we highlight some of the key proposals in this report that respond to First Nations' concerns and the context for these proposals. We also recommend action to move beyond the current framework.

Addressing issues with the current system

As currently amended, the 1965 Indian Welfare Agreement between the Province and the federal government (First Nations are not signatories) sets out the terms and a formula for the reimbursement of provincial costs for providing Ontario Works, as well as a selection of other programs (e.g., child welfare, child care) to First Nations. The Ontario Disability Support Program (ODSP) is not covered by the agreement.

As well, the federal government directly provides First Nations with funding to cover the "municipal" share of Ontario Works benefits and administration costs. However, through this arrangement, the federal government funds First Nations at a lower amount per "case" (individuals or families) for the cost of administration than is envisaged in the Province's municipal funding model. We heard from First Nations administrators how this shortfall in federal funding undermines their ability to deliver services.

This shortfall is only one of a number of funding issues that should be discussed by First Nations, and the federal and provincial governments as our recommendations are implemented. It should be noted that, with the implementation of the Ontario Child Benefit (OCB), and the accompanying reductions in support for children within social assistance, provincial costs for children's benefits shift from Ontario Works to the OCB. As a result, federal costs associated with Ontario Works under the 1965 Agreement have decreased and will continue to do so.

As a result of our recommendation to integrate the delivery of Ontario Works and ODSP, the arrangements under the 1965 Indian Welfare Agreement will need to be amended once again. With the proposed building block approach to the benefit structure, First Nations recipients with disabilities will be provided with both the standard rate, as the basic unit of income support to all social assistance recipients, and the new disability supplement. Both of these components should be covered by a revised Agreement. These considerations should be taken into account when negotiations are undertaken regarding changes to the Agreement.

RECOMMENDATION »

99. We recommend that First Nations and the federal and provincial governments undertake discussion of the range of funding issues arising from the implementation of our recommended reforms and the implications for the 1965 Indian Welfare Agreement.

There have been recent efforts by First Nations and the federal and provincial governments to focus on improved education. This is a critical factor in employability. When people leave their community in the hope of finding work, they find it difficult to compete in an increasingly specialized job market. The unemployment rate among urban Aboriginal people is very high as a result, and many of those who do find work are trapped in poverty by low-paying jobs. Discrimination compounds all of the other challenges and becomes a further barrier for First Nations people who try to enter the workforce outside of their communities.

> *Emphasis has to be on facilitating people into employment with adequate support rather than viewing social assistance from a deficit model which views recipients as the problem without looking at the context of the economy and available resources.*
>
> –Submission, Ontario Federation of Indian Friendship Centres

As we described earlier in this report, we heard about the importance of having supports in social assistance that reflect community priorities, that are culturally appropriate and developed within the community, and that respect local structures. For example, taking part in cultural or community development activities should be recognized as part of a continuum of employment-related activity. Participation in these activities can help people who may be dealing with mental health issues, trauma, or addictions and can contribute to improving employability and job readiness. It was also pointed out that such activities would have a significant impact on improving the wellbeing of individuals and communities where there are few job opportunities available. It is with this in mind that we have recommended that First Nations have the flexibility to define appropriate employment-related activities for social assistance recipients in their communities, consistent with provincial objectives.

> *Employment assistance and active program participation are an effective strategy to increase community capacity and overall engagement. Employment supports can also be an effective healing strategy, increase local cultural understanding or be part of a long-term community economic development plan if implemented properly.*
>
> –Submission, Ontario Native Welfare Administrators' Association

The lack of access to supports to address health and other issues in First Nations communities continues to be very problematic. The high incidence of addictions and mental health issues has an undeniable impact on individuals' ability to contribute to the community and the labour force. Greater flexibility in defining employment-related activities and participation when establishing performance measures for social assistance (discussed below) would allow First Nations to focus on addictions treatment as a community priority. We have recommended accelerating the next phase of Ontario's Comprehensive Mental Health and Addictions Strategy, which will concentrate on adults. We have also recommended that employment be identified as a key outcome for the strategy and that service models be developed that will integrate treatment and employment programs. In our discussions with First Nations, the success of the Addiction Services Initiative (an example of this service model) was frequently highlighted.

Our review was established as part of the Poverty Reduction Strategy, which recognizes the heightened risk of poverty among certain groups in our province, including Aboriginal peoples. We have recommended the collection of baseline and outcome data on Aboriginal peoples and other groups that are at high risk of poverty. This information would provide the basis for evaluating how well the social assistance system is addressing the needs of Aboriginal peoples receiving social assistance and how it is contributing to meeting their employment goals over time.

Currently, Ontario Works is delivered on-reserve by 101 First Nations delivery agents. Of these, 43 deliver the full program—both financial assistance and employment services. The remainder deliver financial assistance only. In order to expand employment services, the Province should work closely with First Nations administrators and communities to develop their capacity to provide employment services and supports (in communities where they are not provided) and to enable effective delivery of the new integrated social assistance program.

As we learned through our review, applying for ODSP can be a challenging process because of the detailed medical information that is required. Our recommendation for improved access to medical assessments should help improve support to First Nations recipients with disabilities. We further expect that our recommendations for an integrated social assistance program, delivered by First Nations, will help ensure that all recipients receive the supports and services they need in their communities.

As discussed in Chapter 1, a significant difficulty for First Nations administrators is that they have not had access to the technology used by municipalities to deliver social assistance. We hope that the implementation of the new technology platform, expected in the coming year, will address some of the difficulties administrators identified in delivering social assistance effectively and efficiently.

Implementation of our recommendations to greatly simplify the benefit structure would enable caseworkers in First Nations communities to spend less time on administering rules and more time concentrating on their primary task of helping recipients. Our recommendation to provide First Nations with the special benefits funding in block funds would also provide First Nations administrators with greater flexibility to meet community and individual needs.

A number of other proposed changes to the benefit structure directly address concerns raised in our discussions with First Nations. For example, the "Living with Parents" rules in the current system were often cited as a disadvantage to many First Nations communities where housing shortages do not allow adult children the option of moving out of the family home. We have recommended changing the rules so that adults who live with their parents would be treated as applicants in their own right if a parent is receiving social assistance.

We also heard from many First Nations communities that the asset rules do not take into account items they may need for cultural participation or self-sufficiency (e.g., sleds, canoes, hunting equipment). We have recommended that First Nations have greater flexibility in determining asset rules to take into account their unique needs.

We heard clearly from First Nations that social assistance rates do not reflect the realities of northern and remote communities, such as the high cost of food and transportation. We have recommended that the Province set rates in a manner that aims to achieve a balance of three objectives: adequacy, fairness between social assistance recipients and people with low incomes who are working, and financial incentive to work. In developing a new Basic Measure of Adequacy (BMA) as part of meeting those objectives, we have advised the Province to take into account the differences in the costs of basic necessities (food, clothing and footwear, a basic list of personal and household needs, transportation, and shelter) in different parts of Ontario, including the region north of the 50th parallel.

Consistent with the aim of achieving a balance of the three objectives, we have also recommended that the Province strive to provide all recipients with at least the BMA level of income, based on a standard rate, existing tax credits, and an earnings exemption. In order to make progress toward this goal, we have recommended that, initially, the standard rate be set at $100 more per month than the rate, at the time of implementation, for a single adult renter receiving Ontario Works. This would improve the lowest rate in the system as an immediate step. We have also recommended that all recipients be allowed to earn $200 a month without affecting their social assistance benefits.

It is important that the performance measures for First Nations communities reflect their unique needs and conditions. This is only possible with their full participation in the process of determining those performance measures. We have recommended that outcomes-based performance measures be developed by the Province together with First Nations, recipients, employers, community agencies, and others as needed to ensure that these measures are sound and appropriate.

Moving beyond the current framework

> *For far too long Aboriginal, Métis and Inuit women have suffered the brunt of the province's inability to meet their needs. Today these women and their families are among the poorest, the most inexperienced, uneducated and unhealthy people not only in Ontario but across the country. Ontario now has the opportunity to set precedent and show the remainder of the country how it can redevelop a broken relationship through commitment, respect and understanding...*
>
> –Submission, Ontario Native Women's Association

While we are hopeful that the changes described above will help fix many of the practical problems with the social assistance system identified by First Nations, we understand that they will not address the underlying causes of dependency and that changes confined to the social assistance system itself can only go so far.

We are also sensitive to the fact that social assistance for First Nations involves multiple levels of government. Ultimately, solutions must be multifaceted and must involve First Nations, the Province and the federal government, at a senior level, in working together to develop a broader agenda that incorporates measures to address issues such as education and economic development. The value of integrating social assistance with related policies and programs, and the need to better connect all programs to the local economy and sustainable employment, were emphasized in our discussions with First Nations.

Reaching the goal of reducing dependence on social assistance may also include moving beyond the current framework to establish a greater role for First Nations in designing and managing social assistance in their communities. The Ontario Native Welfare Administrators' Association (ONWAA) made us aware of the four principles adopted at an All Ontario Chiefs' Assembly in 1992. ONWAA recommended, and we concur, that a new framework should reflect these principles:[84]

- *Social services must be First Nation controlled – provided under the authority and sanction of First Nation government and fully accountable to First Nation members;*
- *Social services must be First Nation determined – designed and developed within the community by the membership;*
- *Social services must be First Nation specific – designed to address community needs in harmony with local culture and social structure; and*
- *Social services must be First Nation based – managed and delivered within the community.*

RECOMMENDATION »

100. We recommend that tripartite discussions take place, at a senior level, to explore the potential to establish a greater role for First Nations in designing and managing the social assistance system in their communities, consistent with the principles articulated in Resolution 91/34 of the All Ontario Chiefs' Assembly.

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[84] These principles are discussed in Ontario, First Nations Communities Project Team, *First Nations Project Team Report: Social Assistance Legislation Review* (Toronto: Queen's Printer, 1992), p. 12.

Chapter 6: Implementing Change and Early Priorities

> *The social assistance system can be simplified and streamlined by enhanced use of technology and elimination of some of the eligibility requirements, but greater service enhancements and longer term financial savings can be achieved by reforming the system. Reforms include combining Ontario Works and ODSP to a single supporting social assistance program while moving most of the financial supports to a guaranteed income program administered thorough the tax system. Whatever options are selected there must be a respectful approach to the reform and delivery of the social assistance system in Ontario. Less bureaucracy will lead to more dignity for the people of Ontario.*
>
> –Submission, Peterborough Social Services Division

Introduction

The recommendations in this report represent fundamental transformation of social assistance. Our goal is a system that supports people to contribute to the labour force and the community to the maximum of their potential. To fully transform the system, and make that goal a reality, will require significant change both inside and outside social assistance.

There is no question that a full transformation will take time, but steps can and should be taken right away to begin the process. In the discussion below, we set out some considerations and our early priorities for implementation.

We also address the costs of the transformation agenda. In considering the pace and sequencing of reforms, we were mindful that we must take into account the fiscal challenges facing the Province and its capacity to make new investments.

Implementation considerations

Change management

Early implementation priorities should focus on providing the foundation for a single, flexible and effective social assistance program. This program should provide appropriate employment services at the local level, a simplified benefit structure, and higher rates for single people receiving Ontario Works, whose benefits are at this time extremely low.

Since transformation will be incremental, each change should set the stage for the new directions recommended in this report and not simply reinforce the status quo. It will take time to achieve a rate structure that balances the three objectives (adequacy, fairness, and financial incentive to work), based on clear benchmarks. In the interim, the Province should make its decisions on social assistance rates, in the context of the balance we propose among the three objectives, using proxy benchmarks such as the Basic Measure of Adequacy, the minimum wage, and an average benefit withdrawal rate of 50 per cent, as we have done in arriving at our recommendations on benefit rates.

Implementing our recommendations represents significant change for recipients, staff and the system as a whole. It is critical that the transition be well designed, well communicated, and implemented through a multifaceted change management strategy. The success of this strategy will depend on directly involving people with lived experience and front-line staff and administrators in guiding the change process. A clear, all-of-government commitment, focused and sustained leadership, a realistic assessment of challenges and timelines, and sensitivity to labour relations issues and impacts will all be required to bring about the transformation we are proposing.

RECOMMENDATION »

101. Since transformation will be incremental, we recommend that each change set the stage for the new directions recommended in this report and not simply reinforce the status quo.

Assessing impacts of change

The Province's Poverty Reduction Strategy recognizes the heightened risk of poverty among certain groups in our province, such as immigrants, women, single mothers, people with disabilities, Aboriginal peoples and racialized groups.

Implementing changes to social assistance, related to either benefits or services, may have different impacts on different groups. These impacts should be considered as part of the implementation plan in determining the timing and order of reforms. A number of submissions to the Commission recommended the use of specific "lenses" or frameworks to assess the impact of reforms on equity, including lenses focused on disability, gender, racialization, and health. A few examples are provided here.

The Law Commission of Ontario's recent draft framework[85] was designed to guide the development and evaluation of laws, policies, and practices to ensure that they take into account the realities of people with disabilities and promote positive outcomes for them. Since it is based on extensive public consultations and research, this draft framework may be of particular value in assessing the impacts of implementing changes to social assistance on people with disabilities.

A number of organizations advised that a gender lens should be applied to social assistance reform. For example, the YWCA Toronto submission recommended that "the ways in which social assistance policy should respond to the realities of women's roles as the primary caregivers of children and women's experiences of violence need to be carefully examined."[86]

The submission by Colour of Poverty–Colour of Change recommended that "an equity lens – including racial equity – should be used to critically examine any and all of the proposals … to ensure that members of disadvantaged communities will have equal access to all benefits in the system and that any policy changes will not result in disproportionately negative impact on these communities."[87]

The Social Assistance Review Health Working Group[88] recommended that a "health-enabling" framework be applied to social assistance reform, taking into account the social determinants of health.[89] The Group recommends "building health and health equity into system design and planning, assessing the health impact of all social assistance policies and programs, and embedding health into the objectives and success indicators that will drive the reformed system." In Chapter 7, we discuss the need to develop a return on investment strategy that takes into account the impact of social assistance reform on health and health care costs.

RECOMMENDATION »

102. As part of its implementation plan, we recommend that the Province establish a framework (or frameworks) to assess the impact of changes on different groups.

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[85] Law Commission of Ontario, *Advancing Equality for Persons with Disabilities through Law, Policy and Practice: A Draft Framework* (Toronto: Law Commission of Ontario, March 2012): www.lco-cdo.org/en.

[86] YWCA Toronto (prepared by Sarah Blackstock), *Submission to the Commission for the Review of Social Assistance in Ontario* (September 2011): www.ywcatoronto.org/.

[87] Colour of Poverty – Colour of Change, and Metro Toronto Chinese and South East Asian Legal Clinic and Ontario Council of Agencies Serving Immigrants, *Submission to the Commission for the Review of Social Assistance in Ontario* (March 2012): www.colourofpoverty.ca/.

[88] The Wellesley Institute (prepared by Bob Gardner, Steve Barnes, and the Social Assistance Review Health Working Group), *Towards a Social Assistance System That Enables Health and Health Equity, Submission to the Commission for the Review of Social Assistance in Ontario* (October 2011): www.wellesleyinstitute.com/. Note: The Social Assistance Review Health Working Group is a collaborative of the Wellesley Institute, Ontario's Community Health Centres, Cities Centre (University of Toronto), Centre for Addiction and Mental Health, St. Michael's Hospital Collaborative for Vulnerable Populations, and Toronto Public Health.

[89] The Ministry of Health and Long-Term Care Ontario Public Health Standards define "determinants of health" as "complex interactions between social and economic factors, the physical environment, and individual behaviours and conditions" that significantly influence the health of individuals and communities. Determinants of health include the following: income and social status, social support networks, education and literacy, employment/working conditions, social and physical environments, personal health practices and coping skills, healthy child development, biology and genetic endowment, health services, gender, culture, and language. See www.health.gov.on.ca/english/providers/program/pubhealth/oph_standards/ophs/intro.html#Det.

Grandparenting

For the majority of current recipients, the initial reforms we are proposing would mean either an increase in their income from social assistance or no change.

Most current recipients in the following circumstances would experience an increase in their rates:

- Singles and couples currently receiving Ontario Works;
- Recipients who are renters in the private market and who are currently receiving less than the shelter allowance maximum;
- Recipients currently receiving the Board and Lodging Rate;
- Recipients currently receiving the Dependent Adult or "Living with Parents" Rate.

Most current recipients in the following circumstances would experience no change in income, after taking into account the initial standard rate, the disability supplement, the uniform supplements for children and sole-support parents, and the planned Ontario Child Benefit increases:

- Singles who are currently receiving the Ontario Disability Support Program (ODSP), do not share accommodation, and receive the shelter allowance maximum;
- Sole-support parents current receiving Ontario Works at the shelter allowance maximum;
- Ontario Works recipients currently sharing rental accommodation and receiving the shelter allowance maximum.

The recommended initial benefit structure would decrease some rates as a result of introducing the modified standard rate for recipients who share accommodation and eliminating the difference between ODSP and Ontario Works rates currently paid for children and non-disabled spouses. To ensure that no current recipients would be adversely impacted by these initial changes in the rate structure, the Province should, in consultation with stakeholders, grandparent current recipients in the following categories who could be negatively affected:

- ODSP recipients sharing rental accommodation who have housing costs above the shelter allowance maximum;
- Non-disabled spouses and children of ODSP recipients, since they would be receiving the same rates as non-disabled spouses and children in families that do not include a person with a disability (which are lower than their current rates);
- ODSP recipients who are sole-support parents, since they would receive the same uniform supplements for children and sole-support parents as non-disabled sole-support parents.

As we discussed in Chapter 2, the Special Diet Allowance (SDA) would be eliminated as a separate benefit and the funding now allocated to SDA, except the portion required to cover nutritional supplements, would be reinvested in the standard rate to help improve adequacy. We are not recommending that the government grandparent the SDA.

RECOMMENDATION »

103. We recommend that the Province grandparent current recipients who could otherwise be adversely affected by the introduction of the standard rate for single adults, the modified standard rate for couples and others who share accommodation, and the uniform supplements for children and sole-support parents.

Transition costs

It is important to acknowledge that there will be some transition costs related to establishing a new single program. These may include the following:

- Staff development and training to orient front-line staff to working with various groups of recipients as part of a segmentation or "distance from the labour market" approach;
- Staff transfers from the Province to the local level, depending on the arrangements negotiated among the parties with respect to job security and pension transfers;
- Some net new capital investments to accommodate the new single program (although surplus space from changes to current ODSP office premises could offset some of these).

Implementation priorities

Some of the steps we have identified as priorities can be taken in Year 1 of a multiyear strategy. Others require lead-time to ensure that change is managed smoothly. We encourage the Province to develop a detailed implementation plan that involves moving forward as quickly as possible and practical on these priorities.

Moving forward on early priorities

Moving forward on employment for people with disabilities

- Establish a new program that supports all recipients to move into employment to the maximum of their abilities:
  - Introduce Pathway to Employment Plans as a key enabler of individualized support;
  - Transfer ODSP delivery to municipalities.
- Partner with corporate leaders to champion the hiring of people with disabilities.
- Accelerate the implementation of the adult phase of the Comprehensive Mental Health and Addictions Strategy with a focus on employment as a key outcome.

Moving forward on better services and supports

- Working with Employment Ontario and municipalities, develop a standard way of defining the needs of different segments of social assistance recipients to determine appropriate services and supports.
- Pilot improvements to employment programs:
  - Introduce peer-led employment and training programs;
  - Develop stronger post-employment supports;
  - Implement new performance-based funding arrangements with third-party deliverers.
- Strengthen the involvement of employers:
  - Initiate employer councils in a cross-section of communities to provide input to program improvement;
  - Work with municipalities, employment service providers, and other key stakeholders to redefine and strengthen the job developer/marketer role.
- Support integrated delivery of human services, including social assistance, child care and housing:
  - Pilot alternative ways for funding municipalities to deliver integrated services;
  - Create a working group involving the relevant ministries, municipalities, and the Information and Privacy Commissioner to address barriers to integrated services delivery resulting from information-sharing and privacy frameworks;
  - Revise the definition of "spouse" in social assistance to align it with the definition in the *Income Tax Act*.

Moving forward on simplifying benefits

- Establish the new building blocks:
  - Implement a new standard rate for all adults, initially set, at the time of implementation, at $100 more per month than the Ontario Works rate for single adults;
  - Implement a modified standard rate of 86 per cent of the standard rate for adults who share accommodation;
  - Implement a disability supplement, on top of the standard rate, for people with disabilities;
  - Implement uniform supplements for children and sole-support parents.
- Revise the treatment of earnings:
  - Introduce an earnings exemption of $200 per month;
  - Treat child support payments as earned income (for benefit withdrawal purposes), and remove the mandatory requirement to pursue child support;
  - Treat net income from self-employment as earned income (for benefit withdrawal purposes) for all recipients.

- Reform special benefits:
    - Harmonize the health benefits in Ontario Works and ODSP, so that all recipients receive the same benefits, and modernize delivery;
    - Pilot the consolidation of employment-related special benefits and other special benefits (not related to health or employment) into block funds for the flexible and discretionary use of municipalities and First Nations administrators in responding to recipients' needs;
    - Eliminate the ODSP Work-Related Benefit and reinvest the funding into the standard rate.
- Eliminate the Special Diet Allowance (SDA) and transfer the appropriate level of funds to the Ministry of Health and Long-Term Care to establish a nutritional supplement program for people requiring calories and/or protein supplementation owing to unintentional weight loss. Reinvest the remaining SDA funding into the standard rate.
- Replace the rent scales for Rent-Geared-to-Income (RGI) housing with rent based on 30 per cent of household income, including income from social assistance, net of the "clawback," for social assistance recipients residing in RGI units.

Moving forward on a rate methodology

- Establish the advisory group to assist in the work on benchmarks, rates, and the process for making rate adjustments.
- Begin collecting survey data to construct a Basic Measure of Adequacy.
- Through the Province's upcoming review of minimum wage, link changes in the minimum wage to the province's economic performance, labour market outcomes, and earnings distribution, so that the minimum wage can be used as an appropriate reference wage in the social assistance rate methodology.
- Examine the impact of benefit withdrawal rates on the financial incentive to work to provide a better basis on which to establish the rate of withdrawal of social assistance benefits.

Moving forward on changing asset rules

- Set liquid asset limits for all recipients at the levels currently in place for ODSP benefit units. Increase the maximum total exemption for longer-term savings vehicles, such as RRSPs, RESPs and IDAs, to $60,000. Exempt all primary motor vehicles, regardless of value.
- Empirically assess whether changes to the liquid asset rules for Ontario Works recipients have a demonstrable impact on caseload growth and ability to exit social assistance.

Moving forward on accountability

- Establish the position of Provincial Commissioner for Social Assistance to lead change.
- Establish the coordinating council of representatives of municipalities and First Nations and the stakeholder advisory body.
- Working with designated leads at the local level as part of the coordinating council, begin the process of identifying outcomes and performance measures and determining data collection and research priorities.
- Broaden the mandate of the Poverty Reduction Results Table to include oversight of the progress of the transformation of social assistance.
- Accelerate efforts to reach information-sharing agreements among ministries and with other orders of government to reduce the need for paper documentation in the course of verifying and reviewing eligibility for social assistance.
- Introduce exception-based reporting of material changes in circumstances for all social assistance recipients.

Moving forward on income security

- Develop a multifaceted strategy for engaging the federal government on the enhancement of children's benefits and the introduction of a disability benefit outside social assistance, as well as on the range of income security issues identified in the recommendations.
- Undertake a broad review of existing benefits and tax transfers with a view to improving their ability to provide secure incomes to people with low incomes.
- In concert with the work of the Jobs and Prosperity Council, initiate a comprehensive human capital development strategy.

RECOMMENDATION »

104. We recommend that the Province move forward as quickly as possible and practical to implement the priorities outlined above.

Cost considerations

Transformation on the scale we envision in this report would involve some new costs. There would also be time-limited or one-time costs associated with change management and with grandparenting current recipients.

In this section, we discuss areas where new investments would be needed and how current funding could be reallocated to support our recommended early implementation priorities. We also consider the long-term costs associated with future rate changes and extending benefits to low-income Ontarians who are not receiving social assistance. We suggest ways to resource these changes.

Financial implications of implementation priorities

Employment services and supports

We expect that enhancements to employment services and supports could be funded largely from within the existing budget allocation for social assistance. However, as recipients' needs and aspirations become better understood and addressed, there would likely be greater demand for employment and other human services. This demand could be met in the following ways:

- Better targeting and use of existing resources within provincial employment services, including both social assistance and Employment Ontario, consistent with the recommendation in this report to implement a "distance from the labour market" approach so that people receive supports and services in proportion to their needs;
- Reinvesting administrative savings from efficiencies resulting from establishing a new single program with a simplified rate structure, reducing the administrative burden on caseworkers, and improving accountability.

For example, we expect that the total number of rules and directives to be administered would be reduced by at least half, allowing caseworkers to focus more on employment planning and support. There could also be opportunities to streamline management as the two current programs are merged.

The Province should set a target for administrative savings to be achieved once the process of integrating the two programs and introducing the new rate structure has been completed. As an example, it is estimated that a 15 per cent improvement in administration, which seems a reasonable target level, would result in $140 million in savings to the system annually (based on 2011-12 administrative costs). These savings could then be available for reinvestment in enhancing employment and support services.

In addition, the vigorous pursuit of medical reviews for current ODSP recipients would yield savings for reinvestment to enhance employment services and supports for people with disabilities. As described in Chapter 3, currently, approximately 30 per cent of new cases granted eligibility for ODSP are assigned a medical review date. However, the ministry has not been consistently conducting these medical reviews, and there are currently approximately 40,000 reviews outstanding.

Based on the results of a 2009–2011 pilot initiative by the ministry to address the backlog in reviews, there is potential for savings to the program because some recipients may be deemed no longer eligible for ODSP. We estimate that a strategy to address the backlog by undertaking 600 medical reviews per month for a four-year period would yield net savings in the range of $20-$30 million by the fourth year. Such a strategy should include helping individuals with pending medical reviews to access employment services and supports as a priority.

Taken together, a 15 per cent administrative savings target and program savings from implementing medical reviews could yield approximately $160-170 million for reinvestment.

RECOMMENDATION »

105. We recommend that the Province set a target for administrative savings that should be achieved as a result of integrating Ontario Works and ODSP and implementing the simplified rate structure, and vigorously undertake medical reviews, with the resulting administrative and program savings to be reinvested in employment services and supports.

Benefit structure changes

The costs of the implementation priorities associated with building a better benefit structure are more significant. It is estimated that the cost of implementing the standard rate, increasing the lowest rate in Ontario Works by $100 per month, introducing an earnings exemption, and harmonizing the health-related benefits between the two programs would total $770 million, based on social assistance rates and the number of recipients in 2011.

This total does not include potential costs or savings in the future as a result of changes in behaviour that implementing our recommended reforms may bring about. For example, we have not included potential costs or savings from the proposed increase in asset limits. We have also not included the costs or savings from the recommended changes to child support, which we expect would increase the incentive for recipients to pursue child support.

We are recommending a combination of reallocations and new investment to fund the benefit structure priorities.

As described earlier in this report, savings from the elimination of the SDA (net of the funding required for nutritional supplements for recipients with unintentional weight loss) and the ODSP Work-Related Benefit should be reinvested in the standard rate. These changes will go some way toward funding benefit structure reforms. It is estimated that these two steps could represent $230 million in savings.

It should also be noted that the impact of the recommended change in the rental amounts for recipients residing in Rent-Geared-to-Income (RGI) units needs to be taken into account. We have recommended that RGI rental amounts no longer be based on rent scales but rather on 30 per cent of household income, including income from social assistance benefits net of the "clawback." With this change, approximately $200 million would accrue to municipalities in the form of increased rent revenues. This amount is included in the $770 million cost estimate of the benefit reforms. The Province will need to determine, within the context of provincial-municipal cost-sharing discussions, how these funds should be used—to reduce overall implementation costs or to reinvest in services.

After taking into account the proposed savings and the additional amounts accruing to municipalities through RGI revenues, we estimate that a further $340 million in net new investment is required to implement the benefit structure priorities. This amount is less than five per cent of the total social assistance and associated benefit costs in 2011-12, a relatively small cost. This investment would result in significant simplification of the benefit structure and the administration of social assistance, and begin to address adequacy at the lowest level of the current rate structure. It would truly "buy change" and create momentum in the transformation of social assistance.

The following table summarizes the costs of the benefit structure priorities and our recommended approach to funding:

Table 19:

Costs to Implement Initial Benefit Structure Reform

Costs to Implement Initial Benefit Structure Reform ($M)*	
Gross Amount**	770
Additional municipal revenue associated with the cost of providing a standard social assistance rate to recipients currently receiving Rent-Geared-to-Income (RGI) subsidies***	-200
Sub-total	**570**
Elimination of Special Diet Allowance****	-200
Elimination of ODSP Work-Related Benefit	-30
Net Cost	**340**

* Does not include costs of grandparenting current recipients or up-front transition costs. Does not include proposed administrative savings or savings from pursuing medical reviews, recommended to be reinvested in enhancing employment services.

** Based on the number of recipients and rates in place during 2011-12. Actual costs may vary if the number of cases increases or decreases as the economy recovers, and will depend on the social assistancerates in place at the time of implementation. Numbers include gross combined provincial and municipal costs and savings. Actual municipal share of costs would depend on the outcome of cost-sharing and reinvestment discussions.

*** This amount is the estimated increase in municipal revenues if the Commission's recommendations on RGI are adopted. As noted in Chapter 2, provincial and municipal cost-sharing and reinvestment discussions would determine the use of these funds—to reduce overall costs or to reinvest in expanding services and supports.

**** Savings from the Special Diet Allowance are net of the $30 million to be transferred to MOHLTC to deliver the recommended nutritional supplement program.

RECOMMENDATION »

106. We recommend that in addition to the reallocation of the savings from the elimination of the Special Diet Allowance and the ODSP Work-Related Benefit, the Province make additional new investments to fund benefit structure implementation priorities.

Long-term costs of transformation

Over the long term, the changes we have proposed – the disability benefit, enhanced employment services and supports for people with disabilities and others with multiple barriers, and integrated treatment and employment programs for people with mental illness or other disabilities – can be expected to result in an actual reduction to the overall social assistance caseload. Just reducing the growth rate of the ODSP caseload by two per cent per year (to three per cent annual growth from the current level of five per cent) would save $40 million in the first year, $80 million in the second year, $120 million in the third year, and $160 million in the fourth year. There would be cumulative savings increases in later years. While it is difficult to predict how quickly the employment outcomes for people with disabilities will improve, the Province should set a target for reducing the rate of growth in the number of people with disabilities receiving social assistance.

In addition, there will be economic returns and increased tax revenues from improved incomes. These returns should be modelled and calculated, and the resulting funding should be invested in the reforms needed outside social assistance. Capturing the fiscal savings and economic and revenue returns associated with improved employment outcomes is an approach that will allow the Province to continue to invest in change over time.

In Chapter 2, we made the case for the importance of a benefit for low-income Ontarians with disabilities to help cover the costs associated with living with a disability, to reduce the barriers in the current social assistance system, and to create an incentive for recipients to move into employment. As a first priority for investment outside social assistance, the savings arising from reductions in caseload growth in the longer term should be invested in the introduction of a disability benefit outside social assistance.

The cost of this benefit would depend on its design. As an illustration, we have estimated the net cost of making the current Disability Tax Credit refundable and available to low-income working-age people with disabilities in Ontario at approximately $200-$250 million.

The federal government is already an active partner in making children's benefits universally available. As we have recommended, the Province should encourage a comparable federal/provincial partnership to enhance support for people with disabilities.

RECOMMENDATION »

107. We recommend that the Province invest the fiscal savings, tax revenues and economic returns from slower growth in the overall caseload in the longer-term transformation of social assistance. We further recommend that the Province set a target for reducing the rate of growth in the number of people with disabilities receiving social assistance, and that the savings arising from these caseload growth reductions be invested, as a priority, in the introduction of a disability benefit outside social assistance.

Chapter 7:

The Costs of Poverty and Return on Investment

> *[P]overty costs us all. Poverty expands healthcare costs, policing burdens and diminished educational outcomes. This in turn depresses productivity, labour force flexibility, life spans and economic expansion and social progress, all of which takes place at a huge cost to taxpayers, federal and provincial treasuries and the robust potential of the Canadian consumer economy.… We believe that eradicating poverty and homelessness is not only the humane and decent priority of a civilized democracy, but absolutely essential to a productive and expanding economy benefitting from the strengths and abilities of all its people.*[90]
>
> Standing Senate Committee on Social Affairs, Science and Technology, Subcommittee on Cities

The costs of poverty

Our review of social assistance was established by the Ontario government as part of its 2008 Poverty Reduction Strategy, which, among other initiatives to reduce poverty, identified the importance of removing barriers and increasing opportunities for people to work. The Strategy recognized the heightened risk of poverty among certain groups in our province. It also focused first on giving children and their families the support they need to achieve their full potential.

Children growing up in poverty all too often come to school too hungry to learn, or return to a home that provides no place to do their homework. They see around them the demoralizing evidence of their disadvantages. Growing up in poverty can damage a child's cognitive, social, and emotional development, and the combination of health and education impacts can go on to limit the life chances of many. This frequently means that these individuals will have precarious lives on the economic margins, where they have significantly reduced potential to support themselves or to become contributors to Ontario's prosperity. When they raise children in the same circumstances, the cycle may continue.

People who are poor are increasingly driven by the housing market to live in economically segregated neighbourhoods that can limit positive role models, stifle hope, create alienation, decrease access to jobs and services, and increase stigma.[91] Low income deprives people, wherever they live, of equitable access to the public services most of us take for granted, further hindering their chances in a competitive society.[92]

Impaired health and education affect job prospects in obvious ways, but some impacts are not as obvious. For example, if people are hungry or depressed or exhausted after juggling long commutes, poor housing, inadequate child care, and constant stress, they will not present well at an interview and there will always be someone a little bit more prepared, energetic, and presentable when a job is at stake.

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[90] Canada, The Standing Senate Committee on Social Affairs, Science and Technology, Subcommittee on Cities, ***In from the Margins: A Call to Action on Poverty, Housing and Homelessness*** (Ottawa: Senate of Canada, December 2009), p. 3.

[91] Ontario, ***Review of the Roots of Youth Violence*** (The Honourable Roy McMurtry and Dr. Alvin Curling, Commissioners), ***Review of the Roots of Youth Violence*** (Toronto: Queen's Printer, 2008), Vol. 1, Ch. 4.

[92] Ibid.

Epidemiologist Richard Wilkinson,[93] who has studied income inequality issues for over 30 years, has identified a number of features of societies where there is greater income equality:

- People live longer;
- A smaller proportion of children die in infancy;
- Self-rated health is better;
- People are far less likely to experience mental illness;
- Children do better at school;
- Obesity is less common;
- Homicide rates are lower;
- Children experience less violence;
- Teenage motherhood is less common;
- UNICEF measures of child wellbeing are better.

Numerous studies have sought to illustrate and quantify the adverse impacts of poverty and its effects on health in particular. According to a study by the Ontario Association of Foodbanks,[94] researchers who have examined the relationship between income and a wide variety of indicators of health status (life expectancy, infant mortality, mental health, time spent in hospital, chronic conditions) have determined that the health of people with lower incomes is invariably worse than that of people with higher incomes, regardless of the health measure examined. That study also noted that the Government of Canada has found that not only is illness more prevalent among people who are poor, but also that it is more prevalent among those receiving social assistance than among others who are poor.

The Social Assistance Review Health Working Group noted in their submission that people receiving social assistance were significantly worse off on 38 of 39 indicators of poor health and chronic conditions than people who were not poor. As well, it advised that people in the lowest income neighbourhoods had significantly higher rates of hospitalization for depression than people from the highest income neighbourhoods.[95] According to a national study, the disparities in health-adjusted life expectancy between the top and bottom income deciles were 11.4 years for men and 9.7 years for women.[96] The City of Hamilton found that within the city, there was a 21-year life expectancy gap between populations living in neighbourhoods at the upper and lower ends of the income spectrum.[97]

Research cited by the National Council of Welfare[98] found that, compared with the wealthiest neighbourhoods, populations in deprived neighbourhoods in Canada have a 28 per cent higher death rate and double the suicide rate. Type II diabetes and heart attacks are also more common. Regardless of similar access to treatment and outcomes of care, the rate of heart attacks in the least affluent neighbourhoods was 37 per cent higher than in the most affluent ones.

The return on investment

There may be a range of policy suggestions on how to reduce poverty. The instrument that should be used to distinguish among these ideas, and to evaluate the benefits of a particular policy in relation to its costs, is well known: return on investment (ROI).

We can be confident that there are significant economic advantages from investments in improving employment outcomes for social assistance recipients. For example, studies by the Martin Prosperity Institute[99] and The Conference Board of Canada[100] suggest that improving employment outcomes for people with disabilities would not only improve the incomes of those individuals, but would also improve overall economic prosperity.

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[93] See Richard Wilkinson and Kate Pickett, *The Spirit Level: Why Equality is Better for Everyone* (London: Penguin Books, 2009), or www.equalitytrust.org.uk/.

[94] Nathan Laurie, *The Cost of Poverty: An Analysis of the Economic Cost of Poverty in Ontario* (Toronto: Ontario Association of Food Banks, November 2008).

[95] The Wellesley Institute (prepared by Bob Gardner, Steve Barnes, and the Social Assistance Review Health Working Group), *Towards a Social Assistance System That Enables Health and Health Equity, Submission to the Commission for the Review of Social Assistance in Ontario.*

[96] Cameron N. McIntosh, Philippe Finès, Russell Wilkins, and Michael C. Wolfson, *Income Disparities in Health-Adjusted Life Expectancy for Canadian Adults, 1991 to 2001*, Health Reports. (Ottawa: Statistics Canada, December 2009).

[97] Canada, National Council of Welfare, *The Dollars and Sense of Solving Poverty* (Ottawa: September 2011).

[98] Ibid.

[99] Alison Kemper, Kevin Stolarick, James Milway, & Jutta Treviranus, *Releasing Constraints: Projecting the Economic Impacts of Increased Accessibility in Ontario* (Martin Prosperity Institute report commissioned by the Government of Ontario, June 2010): martinprosperity.org/2010/06/14/releasing-constraints-projecting-the-economic-impacts-of-increased-accessibility-in-ontario/.

[100] The Conference Board of Canada, *Mental Health Issues in the Labour Force: Reducing the Economic Impact on Canada* (The Conference Board of Canada, July 2012).

Savings from social assistance improvements may also be realized by avoiding costs in other systems, such as health care. The Standing Senate Committee on Social Affairs, Science and Technology, the National Council of Welfare, the Ontario Association of Foodbanks and others have reported on the social costs of poverty, and particularly its adverse impacts on health and healthcare costs.

Work by Kevin Milligan and Mark Stabile has shown the social benefits Canada is already gaining from its investments in providing children's benefits.[101] That study of the impact of the National Child Benefit Supplement found indications that this benefit led to improved test scores, decreased aggression and maternal depression, and a reduction in hunger. The study also found that the effect of the benefits on educational outcomes and the emotional wellbeing of children persisted four years after the benefit was received.

A 2008 World Health Organization (WHO) report[102] calls on governments to reduce the gap in the health status of people at different income levels through improvements in employment outcomes, enhancing income supports, providing better early child services, and reducing income inequality. The National Centre for Social and Economic Modelling at Australia's University of Canberra modelled the impact of implementing the WHO recommendations in Australia. Its findings included the following:[103]

- Additional Australians entering the workforce, generating extra earnings;
- Annual savings in welfare support payments;
- Health care savings (from fewer people admitted to hospital, fewer Medicare services, and fewer Pharmaceutical Benefit Scheme prescriptions).

The Province should develop ROI indices that go beyond direct fiscal and economic returns. These should be used in assessing progress as changes are implemented in social assistance. There are a number of examples of studies that look at building ROI indices into an evaluation agenda.

A recent review by the UK Commission for Employment and Skills[104] found that Washington State was the most advanced system in employing ROI. That jurisdiction has been using an ROI system of performance management for all state and federally funded workforce development programs. It looks at both the taxpayer return (the net impact on tax revenue and social welfare payments compared with the cost of the services) and at the participant return (the net impact on participant earnings and employer-provided benefits compared with the cost of the services).

More work is needed to find ways to isolate the measurable benefits of poverty-reduction initiatives and to compare those benefits with their costs. These models are complex and difficult to build. We know that it can be very challenging, in a complex policy context, to determine the extent to which a particular initiative is responsible for an outcome. Nevertheless, given the importance of understanding the ROI with respect to changes in social assistance, the Province should move quickly to commission experts to assist in the development of ROI indices.

RECOMMENDATION »

108. We recommend that the Province develop return on investment indices that can be used in measuring the benefits of changes in social assistance in order to allow comparison of those returns with the costs of policy action.

As we have noted above, poverty imposes costs. There are some programs where improvements can reduce poverty and benefit all Ontarians. Social assistance is an example of that, and we believe that implementing our recommendations for transforming the system will indeed help to reduce poverty and ultimately benefit all Ontarians.

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[101] Kevin Milligan and Mark Stabile, ***Do Child Tax Benefits Affect the Wellbeing of Children? Evidence from Canadian Child Benefit Expansions***, NBER Working Paper Series, Working Paper 1462 (Cambridge, MA: National Bureau of Economic Research, December 2008).

[102] World Health Organization, Commission on Social Determinants of Health, ***Closing the Gap in a Generation: Health Equity through Action on the Social Determinants of Health***, final report of the Commission on Social Determinants of Health (Geneva: World Health Organization, 2008).

[103] Laurie Brown, Line Thurecht, and Binod Nepal, ***The Cost of Inaction on the Social Determinants of Health***, prepared for Catholic Health Australia (Canberra: National Centre for Social and Economic Modelling, University of Canberra, June 2012).

[104] UK Commission for Employment and Skills, ***2010 Review: The Integration of Employment and Skills*** (February 2010).

For individuals, social assistance can help alleviate poverty temporarily. The question of what is adequate for this purpose is extremely challenging. The trade-offs between adequacy, fairness, and financial incentive to work precluded a perfect solution, but did lead us to what we believe is a significantly better one.

Many of our recommendations for transforming the social assistance system are designed to improve the ability of the system to help people transition to the workforce. As we have said throughout this review, we believe that one of the best ways to help people move out of poverty is to help them find work.

We are well aware, however, that the root causes of poverty, its consequences and its costs, cannot be addressed by the social assistance system alone. Transforming social assistance must be part of a much broader approach to reducing poverty in our province. Systemic and continuing disadvantage, serious health issues, deprived neighbourhoods, and substantial economic costs all flow from poverty. Contrasting these conditions with the human and financial advantages of greater income equality, there can be no doubt that working in targeted and effective ways to combat poverty will benefit us all.

Appendix A:
Profile of People Receiving Social Assistance in Ontario

Ontario Works[105]

Number of People

- In June 2012, 477,339 people (or 264,834 "cases")[106] accessed Ontario Works. This represents 3.6 per cent of the Ontario population.

Gender

- 54 per cent of primary applicants[107] are women; 46 per cent are men.

Age

- The average age of primary applicants is 36.

Geographic Location

- 47 per cent of Ontario Works cases live in the Greater Toronto Area (GTA); about six per cent live in Ottawa; six per cent live in northern Ontario.

Family Composition

- Ontario Works cases are made up of 60 per cent singles without children, 30 per cent sole-support parents with children, three per cent couples without children, and eight per cent couples with children.
- 64 per cent of singles without children are men.

Sole-Support Parents

- Sole-support parents make up 30 per cent of Ontario Works cases; 93 per cent of sole-support parents are women.

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[105] All information is from June 2012 unless otherwise noted. Except for the "Number of People," the information does not include people accessing Ontario Works on First Nations reserves.

[106] "Cases" means the number of individuals and families accessing Ontario Works. The number includes approximately 10,355 cases (four per cent) accessing Ontario Works on First Nations reserves.

[107] The "primary applicant" is the person who applies for Ontario Works, either as a single individual or on behalf of a family.

Children

- About 75 per cent of the children in families receiving Ontario Works benefits are in families led by sole-support parents.
- Over half of these families have a child who is five years old or younger.

Newcomers

- 13 per cent of primary applicants are newcomers who have been in Canada for five years or less. Newcomers who are refugee claimants make up about seven per cent of primary applicants while newcomers who are sponsored immigrants represent less than one per cent.

Education

- 33 per cent of primary applicants have completed Grade 12-13; about 24 per cent have post-secondary education; the rest have Grade 11 or lower.

Workforce Earnings

- 10 per cent of primary applicants have some earnings from employment.

Length of Time Receiving Ontario Works

- The average case accesses Ontario Works for about 21 consecutive months. Sole-support parents tend to stay on assistance longer, about 29 months on average.
- 40 per cent of cases who leave Ontario Works return within one year.

Ontario Disability Support Program (ODSP)[108]

Number of People

- In June 2012, 415,338 people (or 299,003 "cases") 109 were accessing ODSP. This represents 3.1 per cent of the Ontario population.

Type of Disability

- 43 per cent of primary applicants110 have a physical disability, 39 per cent have a mental disability, and 18 per cent have a developmental disability.

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[108] All information is from June 2012 unless otherwise noted.

[109] "Cases" means the number of individuals and families accessing ODSP.

[110] The "primary applicant" is the person who applies for ODSP, either as a single individual or on behalf of a family.

Gender

- Primary applicants are split almost equally between men and women.

Age

- The average age of primary applicants is 46.

Geographic Location

- 35 per cent of ODSP cases live in the Greater Toronto Areas; about seven per cent live in Ottawa; 10 per cent live in northern Ontario.

Family Composition

- ODSP cases are made up of 77 per cent singles without children, nine per cent sole-support parents with children, eight per cent couples without children, and six per cent couples with children.

Sole-Support Parents

- Sole-support parents make up nine per cent of ODSP cases; 87 per cent of sole-support parents are women.

Children

- Just over half of the children in families receiving ODSP are in families led by sole-support parents.

Newcomers

- Two per cent of primary applicants are newcomers who have been in Canada for five years or less. Newcomers who are refugee claimants or sponsored immigrants represent less than one per cent of primary applicants.

Education

- 30 per cent of primary applicants have completed Grade 12-13; about 19 per cent have post-secondary education; the rest have Grade 11 or lower.

Workforce Earnings

- 10 per cent of primary applicants have some earnings from employment.

Appendix B: Social Assistance Expenditures

Provincial social assistance expenditures totalled $7.5 billion in 2011-12. Of this amount, about 90 per cent went to income support paid to Ontario Works and Ontario Disability Support Program (ODSP) recipients and to cover the costs of prescription drugs provided to recipients.

Provincial expenditures in 2011-12 for employment services totalled $214 million or three per cent of total costs.

Note that the table below shows provincial expenditures only and does not include the municipal share of costs for Ontario Works benefits, employment assistance, and administration.

Appendix B

Table 1: Provincial Social Assistance Expenditures

	2011-12 Actuals* ($M)	Per Cent of Total
Ontario Works		
Financial Assistance Payment to Recipients**	1,998	27%
Administration Subsidy***	332	4%
Employment Assistance**	173	2%
Ontario Disability Support Program		
Financial Assistance Payment to Recipients	3,795	51%
Employment Assistance	42	1%
Administration****	264	4%
Ontario Drug Benefit Program for ODSP and Ontario Works	904	12%
Total	7,509	100%

* Provincial expenditures do not include the municipal share of costs. Totals may not add due to rounding.

** Represents the 81.6 per cent provincial share of 2011-12 costs. As part of a plan to upload costs incrementally, the province will cover 100 per cent of financial assistance costs by 2018.

*** Provincial subsidy does not include municipal share of costs.

**** Includes costs for delivering ODSP, and for the Social Benefits Tribunal and the information technology that support both ODSP and Ontario Works.

Appendix C: Commissioners' Biographies

THE HONOURABLE FRANCES LANKIN, P.C., C.M. has spent a lifetime in service to the community and is a recognized leader in the non-profit sector. She is the former President and CEO of United Way Toronto, and from 2001 to 2011, guided the organization through its strategic transformation to become a leading community-builder. In November 2010, she was appointed by the provincial government to serve as Commissioner of the Review of Social Assistance in Ontario.

In 2009, Prime Minister Stephen Harper appointed Ms. Lankin to the Security Intelligence Review Committee, which provides an external review of Canadian Security Intelligence Service operations. She currently continues in this role.

Ms. Lankin was the Member of Provincial Parliament for Beaches-East York from 1990 to 2001 and held posts as provincial Minister of Government Services, Chair of Management Board, Minister of Health, and Minister of Economic Development and Trade.

In 2006, she chaired a Blue Ribbon Panel commissioned by the federal government, which made recommendations for improving how Ottawa distributes grants and contributions to charities and other organizations. She was a member of the Modernizing Income Security for Working-Age Adults Task Force, which released its report, Time for a Fair Deal, in 2006, and a member of the Mowat Centre Employment Insurance Task Force, which reported in 2011.

She has served on the boards of several not-for-profit and charitable organizations, including Equal Voice, the Canadian Club, the Canadian Foundation for Economic Education, Altruvest Charitable Services, the Greater Toronto CivicAction Alliance, the University of Toronto's School of Public Policy Advisory Board and the Board of Governors of Seneca College. In 2002 and 2003, she co-chaired the Toronto City Summits. Today, she serves on the Board of the Ontario Hospital Association, the Board of the Literary Review of Canada, the Mowat Centre's Advisory Committee, and the Ontario Press Council, and is Chair of the TELUS Toronto Community Board.

Ms. Lankin has been widely recognized for her community work. In 2003, she was awarded the Queen's Jubilee Medal, and in 2004 was presented with the United Way of Canada's Award of Excellence for her community-building work in Toronto. In 2007, she was named the Canadian Public Relations Society CEO of the Year for Excellence in Public Relations and received the Toronto Star's 2007 Laurel Award. In 2008, she was named one of More Magazine's Top 40 over 40 in the Fighting-for-Equality category. That same year, she received the Equal Voice EVE Award for her achievements in political life and her efforts to advance the cause of electing more women in Canada, as well as the Consumers' Choice Woman of the Year Award. In 2009, Ms. Lankin was honoured with the Italian Chamber of Commerce of Toronto's Community Builder Award. In 2010 and 2011 she received honorary Doctorate of Laws degrees from Queen's University and Ryerson University, and an honorary Bachelor of Applied Arts from Seneca College. In 2012, she was named a Member of the Order of Canada and was awarded the Queen's Diamond Jubilee Medal. She was also named a 2012 Trudeau Mentor by the Pierre Elliott Trudeau Foundation.

MUNIR A. SHEIKH is a Distinguished Fellow and Adjunct Professor at Queen's University in Kingston and a Distinguished Visiting Scholar at Carleton University in Ottawa. In November 2010, he was appointed by the provincial government to serve as Commissioner of the Review of Social Assistance in Ontario.

Before accepting these appointments, Mr. Sheikh served as the Chief Statistician of Canada. He was appointed to that position on June 16, 2008 by the Prime Minister. He resigned from this position on July 21, 2010. As Chief Statistician, he was instrumental in developing the Agency's first Corporate Business Plan, establishing a wide-ranging program to maintain the pre-eminence of Statistics Canada in the international community of statistical organizations. Before this appointment, he was Deputy Minister of Labour.

Mr. Sheikh has broad and varied experience in government, having held many senior positions. Prior to Labour, he was Deputy Secretary to the Cabinet, Expenditure Review, at the Privy Council Office. In this capacity, he was responsible for developing the expenditure review proposals that were approved by Cabinet and included in the 2005 Budget. These proposals included the establishment of Service Canada.

He was also Associate Deputy Minister, first at Health Canada and then at Finance Canada. Prior to that, he was Senior Assistant Deputy Minister, Tax Policy, at Finance Canada, where he was responsible for managing the Canadian tax system. It was under his guidance that the Government of Canada unveiled the $100 billion tax reduction package in the Economic Statement and Budget Update of 2000. This was the largest federal tax reduction ever implemented. The package also included the indexation of Canada's personal income tax, which put a stop to an automatically rising tax burden.

As Director of Research at Finance, he played a key role in the reform of the Canada Pension Plan to put it on a sound footing.

Mr. Sheikh holds a Doctorate in Economics from the University of Western Ontario and a Masters in Economics from McMaster University. He has published extensively in academic journals in the areas of international economics, macroeconomics, and public finance. His work has been widely quoted and reproduced in textbooks and included in books of collected readings. He also taught at Carleton University and the University of Ottawa for many years.

Appendix D: Terms of Reference

The Ontario government provided these Terms of Reference to guide the Commission's work.

Background and Context – The Need for Review

Ontario's Poverty Reduction Strategy (PRS) announced that the government would review social assistance with the goal of "removing barriers and increasing opportunity - with a particular focus on people trying to move into employment". The Strategy stated that the review would seek to better align social assistance with other key programs and initiatives, better communicate program rules, and ensure that programs as a collective work to increase opportunity.

More recently, the 2010 Ontario Budget noted that "the review is an integral part of the government's longer-term vision for a transformation of social assistance that would increase people's opportunities for work and guarantee security for those who cannot work. The government would also make social assistance programs easier to understand, more transparent, and sustainable in the long term, so that the system can continue to support the most vulnerable Ontarians".

Ontario's social assistance system is composed of two programs that provide income and employment supports to people in financial need: Ontario Works and the Ontario Disability Support Program (ODSP). Together these two programs serve approximately 830,000 Ontarians each month. In 2009 - 10, total provincial expenditures were over $6.6 billion.

The principal objective of Ontario Works is to help people in financial need to overcome barriers to employment as quickly as possible in order to find a job. The principal objective of ODSP is to help people with disabilities live as independently as possible in their communities, and to reduce or eliminate disability-related barriers to employment.

Ontario Works and ODSP were implemented in 1998. Now, 12 years later, a number of internal and external factors are driving the need for a forward-looking review to determine how the social assistance system should evolve to respond to new challenges and continue to serve the needs of Ontarians over the coming years. Some key factors include:

- Rising caseloads and expenditures;
- Changing caseload demographics leading to more diverse training and employment needs of clients;
- Changing labour market/employment opportunities for clients and continued interest in reducing barriers to employment within and outside the social assistance system, for example through the introduction of the Accessibility for Ontarians with Disabilities Act;
- The introduction of the Ontario Child Benefit, which has changed the role of social assistance in providing supports to families with children;
- The changing role of municipalities in social assistance as a result of the upload of the municipal share of Ontario Works and ODSP costs;
- A developing understanding of the complex ways in which the numerous programs accessed by vulnerable Ontarians can interact with each other, sometimes leading to unintended barriers and disincentives;
- Increased interest in issues of entitlement more generally and the appropriate role of social assistance in the context of poverty reduction;

- Changes in supports provided by the federal government, such as the introduction of the Working Income Tax Benefit which has increased support to low-income workers and reforms to Employment Insurance which have reduced coverage; and,
- Changes in the way municipalities are providing supports, for example through innovative approaches to service delivery integration.

Vision

Ontario's social assistance review is guided by a vision of a 21st century income security system that enables all Ontarians to live with dignity, participate in their communities, and contribute to a prospering economy.

The review will recommend ways to improve work-related outcomes, while providing appropriate income supports and access to opportunities that will enable participation in and attachment to the labour market, and guarantee security for those who cannot work.

It will examine and determine the effectiveness of social assistance and how it impacts, and is impacted by, other parts of the overall income security system in Canada.

The review will also define Ontario's position vis-à-vis the federal government's responsibility as it relates to income security for Ontarians.

Purpose of the Review

The Commission for the Review of Social Assistance in Ontario (the Commission) has been established to develop specific recommendations and a concrete action plan for reforming the social assistance system to improve client outcomes.

The Commission has been established by Order in Council for a period of 22 months.

The purpose of these Terms of Reference are to:

- Set out the mandate and deliverables of the Commission;
- Establish the accountability relationships between the Ministry of Community and Social Services (the ministry) and the Commission through its Co-Chairs;
- Clarify the roles and responsibilities of the Commission; and,
- Set out expectations for the functioning of the Commission as an arms length body of government with respect to its operation, administration and reporting arrangements with the ministry.

These Terms of Reference do not affect, modify or limit the powers of the Commission as set out in the Order in Council or interfere with the responsibilities of any of its parties as established by law. In case of conflict between these Terms of Reference and any statute or regulation, the statute or regulation prevails.

Legal Authority

The Commission and the Commissioners derive their authority through the following model:

- The Commission was established by Order in Council to examine and determine the effectiveness of social assistance, and how it impacts, and is impacted by, other parts of the overall income security system in Canada; and to provide advice for reforming the social assistance system to improve client outcomes. Orders in Council also appoint two Commissioners, as Co-Chairs, and set out rates of remuneration for the Commissioners.

Mandate, Scope and Outcomes

Mandate

The Commission has been established to develop specific recommendations and a concrete action plan for reforming the social assistance system to improve client outcomes.

A reformed social assistance system should:

- Be acknowledged as one part of a larger income security system that encompasses municipal, provincial and federal programs
- Recognize that municipal, provincial and federal governments, along with individuals, have mutual responsibilities for improving the outcomes of low-income Ontarians
- Be simple to understand and access, and provide basic income support for people in need in a fair and equitable fashion
- Interact effectively with other municipal, provincial and federal programs outside of social assistance, including education, training, housing, child care and health benefits, to support employment
- Respect the autonomy, responsibility and dignity of clients, and recognize that they are best placed to decide how to spend their money to meet their needs
- Be financially sustainable and accountable to taxpayers
- Be less resource intensive to administer
- Meet its intended purpose as a system of last resort

Scope

The review will focus on social assistance and how it impacts, and is impacted by, other parts of the income security system. Social assistance will not be examined in isolation. The review will examine social assistance along with other federal, provincial and municipal income security programs to gain a better understanding of how programs across all governments can better promote positive client outcomes, including:

- The relationship between social assistance and other federal, provincial and municipal programs with a focus on opportunities to reduce Marginal Effective Tax Rates (METRS);
- The effectiveness of active interventions on client's employment outcomes and the achievement of financial independence, including how social assistance interacts with Employment Ontario programs; and

- Reasonable expectations and supports for persons with disabilities, including treatment or participation requirements, taking into account the government's ongoing work on the Accessibility for Ontarians with Disabilities Act to remove barriers by 2025.

The review will also make recommendations that recognize the roles and responsibilities the federal government should be undertaking.

Building on the approach of the successful Ontario Child Benefit, the review will consider other areas in which income benefits may be paid to all low-income Ontarians outside of the social assistance system.

Outcomes

The review will make recommendations that will enable government to:

- Establish an appropriate benefit structure that reduces barriers and supports people's transition into, and attachment within, the labour market
- Place reasonable expectations on, and provide supports for, people who rely on social assistance with respect to active engagement in the labour market and participation in treatment and rehabilitation
- Simplify income and asset rules to improve equity and make it easier to understand and administer social assistance
- Ensure the long-term viability of the social assistance system
- Define Ontario's position vis-à-vis the federal and municipal governments as it relates to income security for Ontarians

The action plan should map each recommendation to one or more outcomes. In addition, the action plan should include performance measures for each of the outcomes. Where appropriate, these performance measures should align with performance measures in the PRS.

The Social Assistance Review Advisory Council (SARAC) recommended a number of strategies for social assistance reform. In developing recommendations related to these strategies, the review will undertake research and a comprehensive analysis of the following:

- Best practices in other jurisdictions;
- Ways to improve the sustainability of the system;
- Methodologies for determining:
  - the benefit structure and level of rates
  - asset limits and exemptions
- The most appropriate means and approaches for providing special purpose benefits such as the Special Diet Allowance to best address individual needs;
- The most effective ways of supporting families with children who have severe disabilities; and,
- Appropriate supports and services to connect people who cannot work to their communities.

Commission Accountability

The Commission will be composed of two Commissioners, each as Co-Chair, to lead the review. The Commissioners will report to the Minister of Community and Social Services.

The Minister will be accountable to the Legislative Assembly and Cabinet for the Commission's fulfillment of its mandate and its compliance with government administrative and operational policies and broad policy directions. For these purposes, the Minister will respond to the Legislative Assembly on the affairs of the Commission.

The Deputy Minister will be accountable to the Minister for the performance of the ministry in providing administrative and organizational support to the Commission.

The Commissioners will be supported by a secretariat of 10 professional and administrative staff. The secretariat will be headed by a Secretary who will be responsible for supporting the Commissioners in meeting their responsibilities, and will report to the Commissioners on policy and research issues. The Secretary will manage the Commission's operations and staff, in consultation with the Commissioners. The Secretary will report to the Deputy Minister on human resource and administrative support issues.

Conflict of Interest

The Commissioners shall not engage in any activity that may conflict or potentially conflict with their activities and responsibilities as a Commissioner. The Commissioners shall not use information relevant to the Commission initiative for any purpose not related directly to their role as a Commissioner.

Roles and Responsibilities

The Commissioners, as Co-Chairs, will be expected to:

- gather information on existing programs;
- undertake research and analysis of existing literature, as well as initiatives and developments within municipalities, the Ontario government, the federal government and other countries such as the creation of new or restructured programs, changes to eligibility requirements or entitlements, new service delivery approaches and any other important developments;
- engage a variety of stakeholders in an interactive process, including people with lived experience, advocacy groups, labour organizations, and business;
- hold separate and substantive discussions with First Nations to ensure reforms that reflect their needs and priorities;
- prepare an engagement paper to facilitate engagement, with key background, context and considerations for public discussion;
- prepare background papers as appropriate;
- analyze alternative approaches and their implications;
- analyze the costs and benefits of any recommendations; and,
- prepare a final report including specific recommendations and a concrete action plan for implementing those recommendations to be submitted to the Minister of Community and Social Services.

Reporting Requirements

It is expected that over the course of their work, the Commission will regularly engage with the Minister and the Minister's staff in order to provide updates on the status and progress of their work.

The Commission is responsible for responding to ministry requests for information in a timely way, including information regarding:

- Issues and events that may concern the Minister in the exercise of the Minister's responsibilities; and
- Public communications including the media responses, news releases, communication plans and contentious issues.

Final Report

The Commissioners, as Co-Chairs, are expected to submit a final report to the Minister by June 30, 2012. The final report must include:

- Overview of work undertaken by the Commission (research, consultations);
- Key findings/conclusions; and,
- Detailed and summarized recommendations for changes to social assistance in Ontario as well as recommendations that will recognize the importance of federal and municipal government actions to reduce poverty.

Communications

The Commission will provide the ministry with an opportunity to review materials prepared for public release in advance, including the engagement paper. Materials prepared for public release will be provided in English and French, and will meet accessibility requirements.

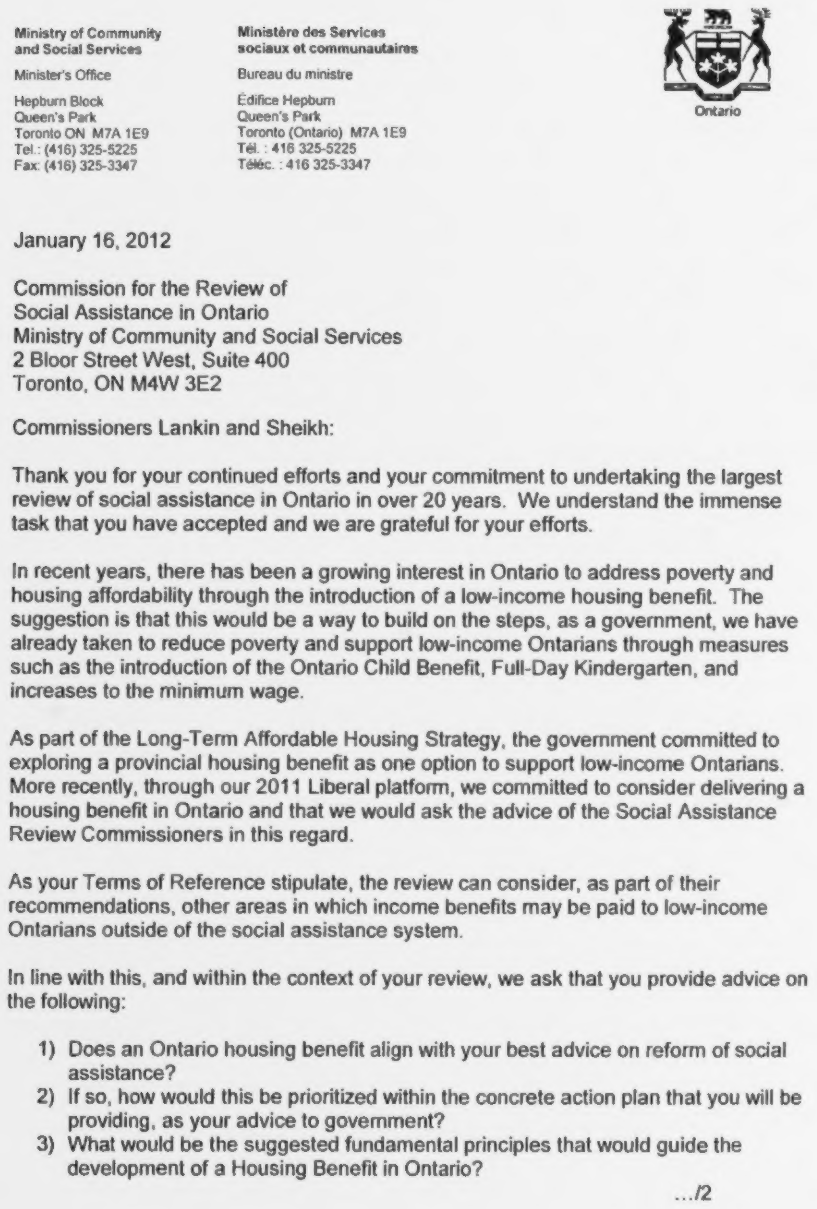
Staffing and Appointments

The Commission may engage experts and second staff from the Broader Public Sector or the Ontario Public Service. The Commission is required to engage all resources in compliance with applicable government directives, policies and/or procedures.

Amendments

These Terms of Reference may be amended by the Minister of Community and Social Services, who will provide written notification of any amendments to the Co-Chairs.

Letter from the Minister regarding an Ontario housing benefit



Ministry of Community and Social Services
Minister's Office
Hepburn Block
Queen's Park
Toronto ON M7A 1E9
Tel.: (416) 325-5225
Fax: (416) 325-3347

Ministère des Services sociaux et communautaires
Bureau du ministre
Édifice Hepburn
Queen's Park
Toronto (Ontario) M7A 1E9
Tél. : 416 325-5225
Téléc. : 416 325-3347

Ontario

January 16, 2012

Commission for the Review of
Social Assistance in Ontario
Ministry of Community and Social Services
2 Bloor Street West, Suite 400
Toronto, ON M4W 3E2

Commissioners Lankin and Sheikh:

Thank you for your continued efforts and your commitment to undertaking the largest review of social assistance in Ontario in over 20 years. We understand the immense task that you have accepted and we are grateful for your efforts.

In recent years, there has been a growing interest in Ontario to address poverty and housing affordability through the introduction of a low-income housing benefit. The suggestion is that this would be a way to build on the steps, as a government, we have already taken to reduce poverty and support low-income Ontarians through measures such as the introduction of the Ontario Child Benefit, Full-Day Kindergarten, and increases to the minimum wage.

As part of the Long-Term Affordable Housing Strategy, the government committed to exploring a provincial housing benefit as one option to support low-income Ontarians. More recently, through our 2011 Liberal platform, we committed to consider delivering a housing benefit in Ontario and that we would ask the advice of the Social Assistance Review Commissioners in this regard.

As your Terms of Reference stipulate, the review can consider, as part of their recommendations, other areas in which income benefits may be paid to low-income Ontarians outside of the social assistance system.

In line with this, and within the context of your review, we ask that you provide advice on the following:

1) Does an Ontario housing benefit align with your best advice on reform of social assistance?
2) If so, how would this be prioritized within the concrete action plan that you will be providing, as your advice to government?
3) What would be the suggested fundamental principles that would guide the development of a Housing Benefit in Ontario?

…/2

- 2 -

Once again, on behalf of the Government of Ontario, thank you for the vital work that you and your staff have undertaken on behalf of all Ontarians. We look forward to hearing your advice on how we can achieve our goal of building a fair, equitable and sustainable social assistance system.

Yours sincerely,

John Milloy
Minister

Appendix E: The Engagement Process

The engagement process was a key part of the Commission's work. It provided the opportunity to learn from individuals and organizations with diverse perspectives on social assistance, including people with lived experience, caseworkers, not-for-profit organizations, employers, labour unions, and government representatives.

The Commission sought input in two phases, each based on the release of a discussion paper. Feedback on both papers, along with the Commission's research findings, was used to develop the recommendations in this report.

In all, the Commission received over 1,150 submissions, many of which were posted on its website to invite further dialogue.

First phase

The Commission launched its engagement process in June 2011 with the release of *A Discussion Paper: Issues and Ideas* and a companion *Summary and Workbook*. The discussion paper asked questions to confirm the key issues in social assistance and to identify possible solutions. The paper was structured around the five outcomes contained in the Terms of Reference for the review:

1) Reasonable expectations and necessary supports to employment
2) Appropriate benefit structure
3) Easier to understand
4) Viable over the long term
5) An integrated Ontario position on income security

A number of ways to respond to the paper were offered, including an online workbook, an online form for short comments, email, written submissions, and a voicemail option. The Commission also encouraged people across Ontario to come together in groups to engage in cross-community dialogue so that proposed solutions would reflect unique regional and community perspectives. A *Guide to Hosting a Community Conversation* was available on the website to help people facilitate a discussion within their organization, agency, or community and then send the compiled comments of the participants to the Commission.

The Commissioners joined the conversations in 11 communities during June and July. In each community, local organizations were invited to arrange sessions and site visits over the course of a day (three days in Toronto). The composition of the convening committees varied, but often included United Ways, Social Planning Councils, poverty reduction committees, and municipal service providers. In all, more than 2,000 people were engaged through the community conversations in which the Commissioners participated.

Many other communities responded to the invitation to organize opportunities for dialogue and to share with the Commission the ideas that emerged from these sessions.

In addition to the community visits, the Commission held meetings with groups of stakeholders with a variety of perspectives. Participants included people with lived experience, such as current and former Ontario Works and

Ontario Disability Support Program (ODSP) recipients and groups of people who shared a particular experience, such as newcomers receiving assistance. The Commission also met with provincial and municipal government agencies and organizations, employer and labour organizations, social assistance and employment service providers, health and disability organizations, legal clinics, and poverty reduction networks and advocates.

In keeping with the Commission's mandate, and to ensure that approaches to reform would reflect the unique needs and priorities of First Nations, separate discussions were held with First Nations communities and Ontario Works administrators from across the province. The Commission engaged with First Nations through a variety of different channels: through the Chiefs of Ontario Committee on Social Services, with communities and political leadership through attendance at Annual General Assemblies and an All Ontario Chiefs Conference, and by organizing regional dialogue sessions across the province that brought together First Nations in a particular geographic area.

The Commission also met with social assistance administrators through Ontario Native Welfare Administrators' Association (ONWAA). At ONWAA's Fall Assembly, the Commission attended sessions specifically convened to discuss the many challenges and options for social assistance reform for First Nations in different regions across the province. This strategy allowed the Commission to hear from First Nations individuals living in diverse communities and circumstances.

To incorporate the views and experiences of Aboriginal people living off-reserve, the Commission attended the Annual General Meeting of the Ontario Federation of Indian Friendship Centres (OFIFC). OFIFC staff, along with local Friendship Centre staff, attended seven of the 11 community conversations that the Commissioners attended and also organized eight further community meetings in northern communities.

The Commission continued to meet with stakeholders throughout the fall to engage groups that were underrepresented in other facets of the engagement process, including business organizations, small and large employers, and labour unions. It also arranged meetings with researchers, academics, and technical experts to discuss complex issues such as the benefit structure in greater depth.

A list of many of the communities that organized conversations and a list of First Nations discussions is provided at the end of this Appendix.

Second phase

In February 2012, the Commission released *Discussion Paper 2: Approaches for Reform*, which discussed options for improving some of the key areas of the social assistance system. The approaches in the paper were developed based on input received through the first phase of engagement process as well as on the findings from the Commission's research agenda.

This second paper advanced the dialogue begun with the release of *Issues and Ideas* and sought further input and advice from stakeholders and communities to help frame the Commission's final recommendations. Many communities once again came together to discuss the different approaches and convey their thoughts to the Commission. To help refine its thinking, the Commission also met with a number of stakeholders, some for the second time, and with technical experts.

Along with the release of the second discussion paper, the Commission provided an online report on the first phase of its engagement process. *What We Heard: A Summary of Discussions on Social Assistance* summarized the input received through written submissions (workbooks, short comments, longer submissions), community conversations, stakeholder meetings and discussions with First Nations. The report sought to capture people's experiences of the social assistance system in their own voices and included quotations from recipients, caseworkers, labour unions, employers, and others.

First phase community conversations

The Commissioners participated in community conversations over the summer of 2011 in the following locations:

- Hamilton
- Kingston
- London
- Niagara Region
- Ottawa
- Peel Region
- Peterborough
- Thunder Bay
- Timmins
- Toronto
- Windsor

Many other communities organized sessions or conducted surveys to gather input on the issues raised in the two discussion papers, including the following:

- Brant/Brantford
- Cambridge
- Cornwall
- County of Dufferin
- District Municipality of Muskoka
- Durham Region
- Guelph
- Kitchener-Waterloo
- Lanark, Leeds and Grenville
- London
- Neighbourhoods across Toronto
- Niagara Region
- North and Centre Wellington
- Ottawa
- Renfrew County
- Sarnia-Lambton
- Sault Saint Marie
- South River
- Sudbury
- Sundridge
- Tillsonburg
- York Region

First Nations discussions

Community hosts

- Fort William First Nation
- M'Chigeeng First Nation
- Mohawks of the Bay of Quinte
- Moravian of the Thames First Nation
- Six Nations

Organization hosts

- Timmins Native Friendship Centre
- Fort Frances Chiefs Secretariat
- Kenora Chief Advisory

Assemblies/annual meetings

- Chiefs of Ontario (All Ontario Chiefs Conference)
- Grand Council Treaty #3
- Mushkegowuk Annual General Assembly
- Ontario Native Welfare Administrators' Association
- Ontario Federation of Indian Friendship Centres

The engagement process was based on local initiatives and opportunities, and more communities may have held events and meetings than are listed here.

Appendix F: Trends in Social Assistance Reform

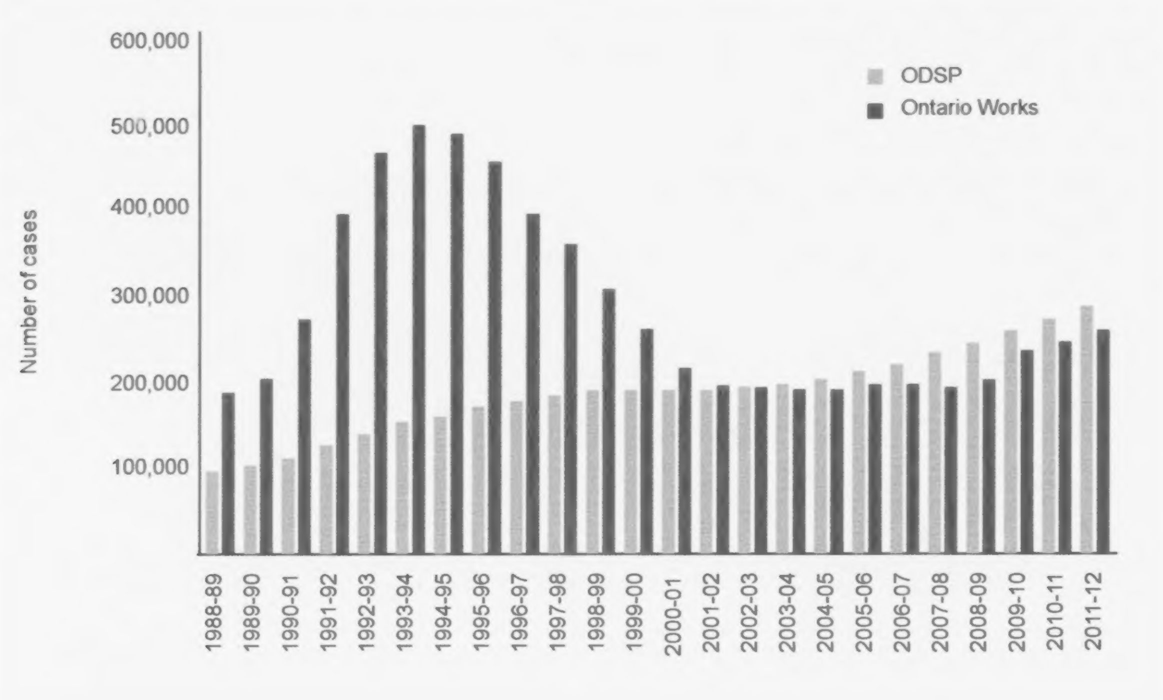
In addition to drawing on the perspectives of stakeholders across the province through its engagement process, the Commission undertook research to learn more about the key issues in social assistance and the experience of other jurisdictions. Social assistance in Ontario and in other jurisdictions has undergone significant changes in the last two decades. This Appendix provides an overview of the trends in social assistance reform. It focuses on areas that are addressed in this report and that are particularly relevant to social assistance transformation in Ontario, including trends in social assistance caseloads and developments in employment services and supports.

Social assistance caseload trends

During the 1990s and early 2000s, many jurisdictions experienced marked declines in social assistance and unemployment benefit "cases" (individuals and families). Figure 1 shows the change in the number of social assistance cases in Ontario since 1988-89. Ontario Works cases, including sole-support parents, declined by more than 60 per cent from a peak in 1993-94 to ten years later in 2003-04. As a share of Ontario's working-age population, Ontario Works cases declined from 8 per cent to 2.4 per cent over the same period.

Appendix F

Fig 1: Trend in Cases Receiving Ontario Works and ODSP

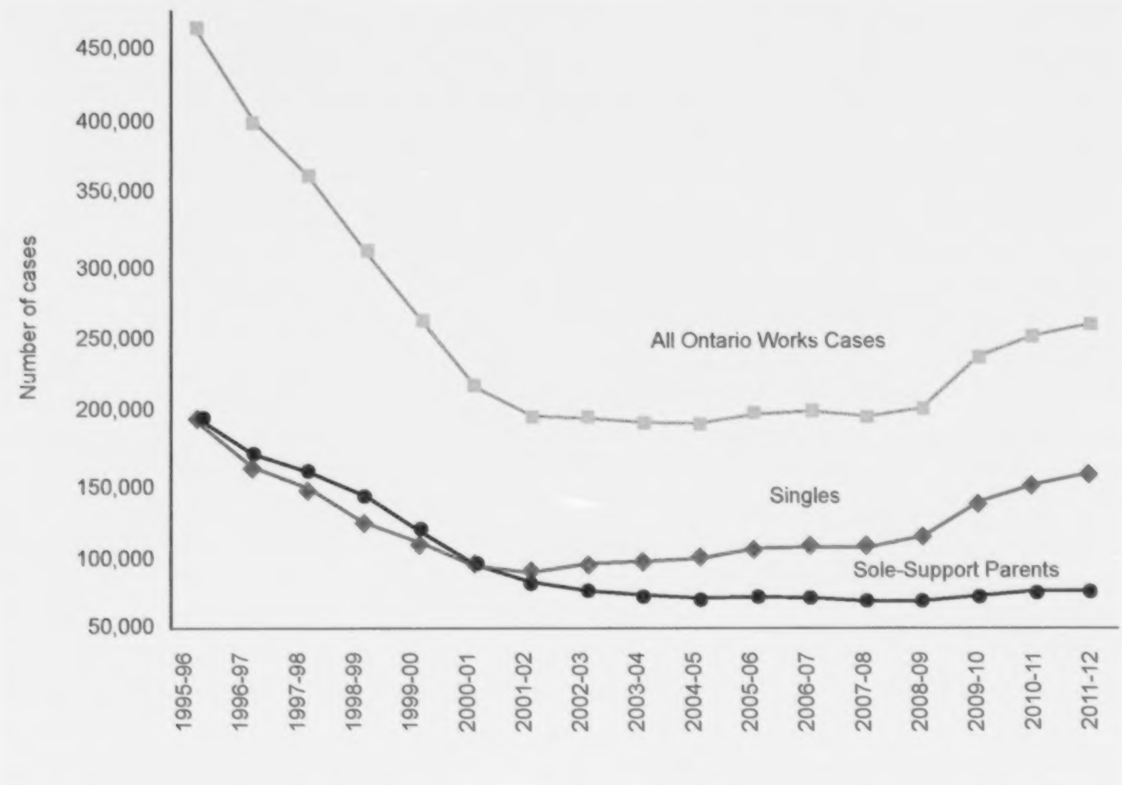


Similar declines were also seen in the number of social assistance cases and unemployed job seekers in other provinces, the U.S., the U.K., Australia, and other Organisation for Economic Co-operation and Development (OECD) countries. Internationally, these declines have been attributed to a combination of a robust period of job growth and the introduction of a range of income support policy reforms implemented during the 1990s (Daguerre & Etherington, 2009; Finnie & Irvine, 2008; Finn & Gloster, 2010). The policy reforms were intended to shift from so-called "passive" income support to an approach that incorporated active "welfare-to-work" policies (Gorlick & Brethour, 1998a and 1998b; Riccio, Friedlander, & Freedman, 1994; Fowkes, 2011). Changes included the introduction of "work-first" employment strategies that incorporated new or enhanced employment expectations of recipients and improved access to job search and related employment services (Richards, 2010; Finnie, Irvine, & Sceviour, 2004; Finnie & Irvine, 2008; OECD, 2010a; Daguerre & Etherington, 2009; Finn & Gloster, 2010).

An important component of the declining number of cases during the 1990s was a dramatic decline in sole-support parent cases. Although the overall number of Ontario Works cases was generally flat from 2001-02 to 2007-08 (before increasing in 2008-09 when the recession increased unemployment rates), sole-support parent cases continued to decline during that same period, although at a much slower rate, until 2009-10 (see Figure 2).

Appendix F

Fig 2: Trend in Types of Cases Receiving Ontario Works



Prior to the reforms of the 1990s, sole-support parents were generally provided income supports with limited or no mandatory requirements to participate in employment-related activities. In Ontario, this changed in 1998, when mandatory participation requirements for sole-support parents with children of school age were introduced and sole-support parent cases were transferred from the former Family Benefits program to the newly created Ontario Works. Similar changes were introduced during the 1990s in other Canadian provinces, the U.S., and other jurisdictions. In many jurisdictions, including Ontario, the introduction of mandatory participation requirements for sole-support parents was accompanied by increased access to child care and employment services specifically geared to the needs of women and sole-support parents, along with absolute or real reductions in the value of social assistance benefits (Finnie, Irvine, & Sceviour, 2004; Finnie & Irvine, 2008; Richards, 2010).

Studies attribute sole-support parent caseload declines in the U.S. to various measures, including workfare and benefit time limits (incorporated into Temporary Assistance for Needy Families (TANF) in 1996), enhanced access to child care, and support for recipients in accessing child support payments (Riccio, Friedlander, & Freedman, 1994; Finnie & Irvine, 2008; Finn & Gloster, 2010).

Research has also pointed to broader demographic and social changes that improved employment outcomes among sole-support parents, including a reduction in the social stigma associated with being a sole-support parent, a reduced rate of teenage pregnancies, a higher level of education achieved by sole-support parents before the birth of their first child, and improved post-secondary education outcomes (Galarneau, 2005; Richards, 2010). Although poverty rates remain high among sole-support parents, particularly if they are younger (Galarneau, 2005), their overall poverty rate in Canada has fallen by more than 50 per cent in the last 15 years (Richards, 2010).

"Making work pay"

Another factor contributing to the decline in social assistance caseloads during the 1990s and early 2000s was the implementation, in many jurisdictions, of benefits outside of social assistance. These "in work" benefits were intended to improve the incomes of working individuals and help "make work pay." The focus in the U.S. was on the implementation of federal and state refundable Earned Income Tax Credits (EITC), access to the Supplemental Nutrition Assistance Program (SNAP), formerly known as "food stamps," children's tax benefits, and Medicaid available to people with low incomes not receiving social assistance (Finnie, Irvine, & Sceviour, 2004; Riccio, Friedlander, & Freedman, 1994). Evaluations of the EITC found that they were a factor in increasing employment (especially among sole-support parents), reducing poverty, reducing social assistance caseloads, and improving maternal and child health (Finn & Gloster, 2010; Dahl, DeLeire, & Schwabish, 2009; Holt, 2006; Evans & Garthwaite, 2010).

In Canada, the federal government introduced the National Child Benefit Supplement (NCBS), a component of the Canada Child Tax Benefit, in 1998, and then phased in sequential increases to the NCBS for low-income families. The NCBS was intended to help reduce child poverty and to increase incentive for employment by allowing recipients leaving social assistance to carry children's benefits into work (Milligan & Stabile, 2004; Richards, 2010). When the NCBS was first introduced, Ontario and most other provinces chose to integrate it with social assistance by reducing social assistance in light of the NCBS, in some cases dollar for dollar (Milligan & Stabile, 2004). Provincial savings from integrating social assistance with the NCBS were reinvested in a range of services and supports. In Ontario, these savings were reinvested in support for Early Years Centres and in the creation of the Ontario Child Care Supplement for Working Families. Beginning in 2007, Ontario introduced the Ontario Child Benefit, which supplements the NCBS, and restructured rates for parents receiving social assistance to take into account the new children's benefits.

Evaluations of the NCBS found that it reduced child poverty and was successful in reducing the number of provincial social assistance cases (Federal, Provincial and Territorial Ministers Responsible for Social Services, 2005; Milligan & Stabile, 2004). Canadian children's benefits, along with social assistance, have helped enhance the stability of parents' incomes in the context of a precarious labour market (Morissette & Ostrovsky, 2007) and have improved child health and wellbeing outcomes (Milligan & Stabile, 2008).

The limits of "work-first" strategies

The reforms to income support programs introduced during the 1990s, especially with regard to sole-support parents, remain controversial. Some critiques suggest that the policy changes in Canada, the U.S., and other jurisdictions devalue the importance of parenting, and that intrusive regulations force social assistance recipients, already under pressure due to child care responsibilities, into abusive relationships and low-paid employment without security, pensions, or health benefits (Mosher, 2010; Mosher, Evans, Morrow, Boulding, & VanderPlaats, 2004; Vosko, 2006; Vosko, MacDonald, & Campbell, 2009). The limited focus on skills development in social assistance, along with the precariousness of the labour market, mean that recipients who exit social assistance do not escape poverty and are forced to cycle through periods of receiving and not receiving social assistance (Caragata & Cumming, 2011; Mosher, 2010).

Empirical studies in Canada (Finnie, Irvine, & Sceviour, 2004 and 2005; Frenette & Picot, 2003) and in the U.S. (Hamilton, 2002) have found that while many recipients are able to leave social assistance permanently for employment, some are not able to retain sustainable employment or escape poverty. As a result, a portion of recipients with multiple barriers, including those with young children and limited education, receive social assistance for longer periods or return to social assistance (Galarneau, 2005; Meadows, 2006; Hamilton, 2002).

Recent Ontario Works caseload dynamics and people with multiple barriers

Researchers internationally (OECD, 2010a) and in Canada have observed that despite higher levels of job creation (prior to the recent economic downturn) and income security reforms, recipients who experience significant and multiple barriers to participation in employment continued to need income support.

As Figure 2 shows, there was a gradual increase in the number of singles receiving Ontario Works throughout 2000-01 to 2007-08, despite a decrease in unemployment rates during this period. This suggests unemployment is a contributing factor, but not the only factor, affecting Ontario Works singles cases.

In order to gain some understanding of the dynamics of Ontario Works cases, the Commission conducted an analysis of 10,000 randomly selected first-time social assistance cases entering Ontario Works in January 2003. Their participation was then tracked to December 2009, noting how long they received social assistance and how many times they exited and returned to Ontario Works during the seven-year follow-up period. This analysis found the following with respect to those 10,000 cases:

- 32 per cent left the program within 12 months and did not return to social assistance during the follow-up period;
- 42 per cent left the program within 12 months, but subsequently returned for one or more further periods of receiving Ontario Works;
- The remaining 26 per cent initially received Ontario Works for more than one year, and then received Ontario Works continuously for a prolonged period or cycled through periods of receiving and not receiving social assistance.

This analysis also showed that the group of recipients who experienced a cumulative 13 months or more of receiving Ontario Works during the follow-up period were more likely to live in regions of Ontario with the highest unemployment rates, to live in the City of Toronto (which had the lowest unemployment rate in the analysis), or to have been born outside of Canada. Although the number of children in sole-support families was not associated with prolonged access to social assistance, the number of children under six years of age was linked with longer periods of receiving Ontario Works. Lower education levels were a factor in longer periods of receiving Ontario Works for sole-support parents, but not for single individuals.

The statistical models using these factors – age of children, education level, immigration status and geographical location – explained only a small part (less than 10 per cent) of the difference in the observed lengths of time individuals in the study received social assistance. This suggests that other contributing factors, not measured in this analysis, were more important in determining prolonged periods of receiving Ontario Works. However, rigorous studies in Ontario of such contributing factors are limited. One recent study of sole-support parents with children over the age of six, who were receiving Ontario Works for more than 12 months in the Region of Peel, found significant levels of social isolation, feelings of low self-esteem, significant levels of mental illness, including depression and anxiety, and significant functional limitations due to physical and mental health problems (Peressini, 2011).

The overall decline in the number of people receiving social assistance in the last two decades, and this analysis of recent social assistance case dynamics, are consistent with the view that the active measures put in place in the 1990s have been effective in reducing Ontario Works cases and have supported a significant portion of the population to participate in the labour market. However, the analysis is also consistent with the experience in other jurisdictions that individuals with multiple barriers to employment, particularly single individuals, younger, less educated sole-support parents, and people with disabilities, require social assistance for prolonged or repeated periods (Hamilton, 2002; Herd, 2009; Meadows, 2006).

Increases in disability support beneficiaries

Most OECD countries, including those in Western Europe, the U.K., Australia, and the U.S., have experienced an increase in disability income support beneficiary rates over the last 10 to 15 years (OECD, 2010a). As examples, these rates reached a high point of 10 per cent of the working-age population in Norway and Sweden, 7.5 per cent in the U.K., and 5.5 per cent in Australia (OECD, 2010a). The OECD (2010a) notes that an average of 6 per cent of the working-age adult population was receiving disability-related income supports in 2009, across OECD countries. In the U.S., the number of combined Social Security Disability Insurance (SSDI) and Supplemental Security Income (SSI)[1] beneficiaries with disabilities has grown significantly in the last decade, and in 2009 reached a combined share of 7 per cent of the working-age population (Autor & Duggan, 2010). Once eligible, only a small minority of recipients leave disability benefits for employment (OECD, 2010a; Autor & Duggan, 2010).

The increase in disability beneficiaries has led to a shift in the focus of reforms, particularly outside North America, from strategies for the unemployed to strategies for people with disabilities or other multiple barriers who are "inactive" in the labour market (Daguerre & Etherington, 2009). The OECD (2010a) notes that "in many OECD countries labour market problems have gradually been shifted from unemployment to sickness and disability benefits" (p. 34), and that "working-age disability policy today is one of the biggest social and labour market challenges for policy makers" (p. 9).

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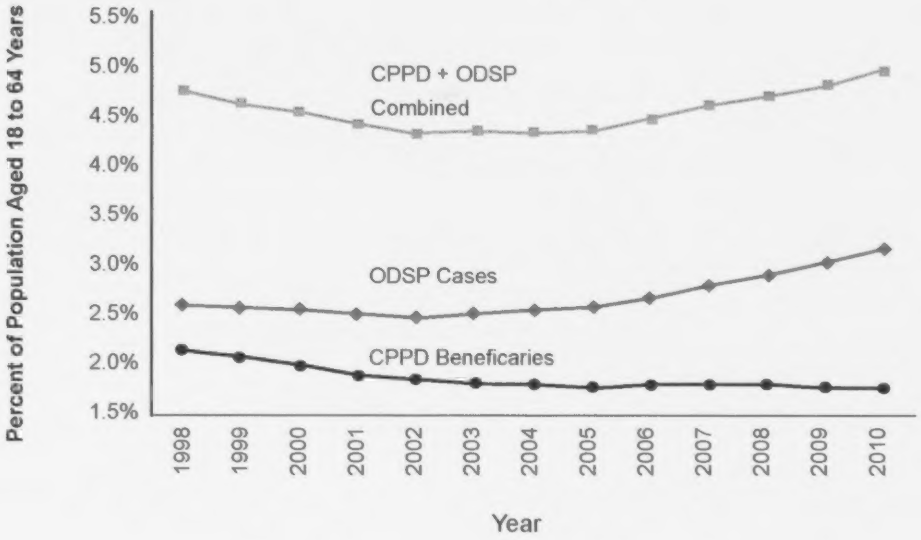
[1] Social Security Disability Insurance (SSDI) is a federal contributory disability insurance program similar to the Canada Pension Plan Disability. Supplementary Security Income (SSI) is a joint federal-state means-tested entitlement program for people with disabilities who are not eligible for SSDI. SSI is similar to provincial disability social assistance programs in Canada, such as the Ontario Disability Support Program.

It is difficult to compare the portion of the adult population in Canada or Ontario that is receiving disability-related income support with figures in international jurisdictions or to the OECD-calculated 6 per cent average noted above. In Canada, disability income support delivery is more fragmented than it is in other OECD countries. It includes the separate federal Canada Pension Plan Disability (CPPD), the Quebec Pension Plan, provincial social assistance programs, workers' compensation, and a relatively larger role for employer-provided sickness and long-term disability insurance benefits compared with other OECD countries (OECD, 2010b).

In order to compare Ontario's experience with that of other OECD countries, Figure 3 shows the combination of recipients of provincial social assistance and CPPD as a portion of the provincial population aged 18 to 64. Taking only these two programs into account, the portion of Ontario's working-age population receiving disability-related income support was about 5 per cent in 2010. This would be higher if beneficiaries of all the sources of disability-related income support were taken into account.

Appendix F

Fig 3: ODSP Cases and CPPD Beneficiaries as a Percentage of Working-Age Population in Ontario



Note: Figures for 2010 CPPD beneficiaries are estimates.

Factors contributing to increases in disability support beneficiaries

Although the factors contributing to the numbers of people receiving unemployment benefits or social assistance have been extensively studied, there are only a few published studies that have looked at the underlying causes of increases in the number of people with disabilities receiving social assistance (McVicar, 2008). As part of an extensive review of disability and income support, the OECD (2010a) attributed increases in the number of recipients to a wide range of factors, including tighter and more active restrictions on unemployment benefits and social assistance implemented in the 1990s, substantial barriers for people with disabilities in accessing employment, and lower education levels among people with disabilities. Several studies have found that applications and grants for disability income support spike during recessions and periods of unemployment in the U.S. (Autor & Duggan, 2003), Australia (Cai & Gregory, 2004), and other OECD jurisdictions (OECD, 2010a).

Another factor is that for many people with disabilities, work "may not pay." The income benefit levels of disability income support programs compared with low-wage employment and with non-disability social assistance, may provide incentive for those who are unemployed to apply for disability benefits and disincentive for those receiving disability income supports to take on relatively low-wage employment (OECD, 2010a; August, 2009; Autor & Duggan, 2010). This barrier is particularly challenging for people with disabilities who may face additional costs associated with participation in training activities or employment (ODSP Action Coalition, 2011).

Also relevant is the role of the changing age structure of the population. Statistics Canada's Participation and Activity Limitation Survey (PALS) and similar surveys in other jurisdictions show that the prevalence of disability increases with age (Statistics Canada, 2007; OECD, 2010a). With the aging of the baby boomer demographic cohort, it would be expected that disability rates in the population and new grants for disability benefits would be increasing. However, several studies in other jurisdictions have found that aging explains only a small portion of the growth in disability beneficiary rates (OECD, 2010a; Autor & Duggan, 2006).[2] In Canada, the aging population explains only about one-third of the growth in self-reported disability in the general population between the 2001 and the 2006 Canadian PALS (Statistics Canada, 2007), a finding also noted in other jurisdictions (OECD, 2010b). Over all, the OECD (2010a) notes that "the business cycle and population ageing can only explain a small part of observed trends in beneficiary numbers" (p. 37).

In order to examine the role of the changing age structure on Ontario Disability Support Program (ODSP) growth rates in Ontario, the Commission examined recent trends in the growth of ODSP cases by comparing the number of new ODSP grants with the number that would be expected as a result of the changing age structure alone. This analysis found that for some conditions, such as diseases of the circulatory system, the growth in ODSP applications granted was consistent with population aging. However, for other conditions, such as mental disorders and musculoskeletal conditions, the number of new grants has grown faster since 2001 than would be expected from population aging alone. Over all, this analysis, illustrated in Figure 4, suggests that the aging of the baby boomers explains less than one-third of the growth in new ODSP grants over the last 10 years.[3]

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[2] The OECD (2010, a chart on page 39) suggests that Canadian disability beneficiary growth has been slower than aging demographics would suggest. However, the OECD analysis is limited to Canada Pension Plan Disability (CPPD) beneficiaries and does include the number of people with disabilities receiving provincial social assistance. As shown in Figure 3, the number of CPPD beneficiaries has been relatively flat for the last 10 years, whereas in Ontario and other provinces, the number of people with disabilities receiving social assistance has increased.

[3] "Expected" grants were determined by considering ODSP grants for the major categories of conditions: Circulatory, Musculoskeletal, Psychosis, Neurosis, Developmental and Other, and then determining the median age of applicants in these condition categories who were granted ODSP. A three-year average ODSP grant rate, over 1999, 2000 and 2001, was determined for each condition category by dividing the number of grants for each condition category by the Ontario population within a 10-year age band around the median application age for that condition category. The expected number of grants for each condition category was then estimated by applying the three-year average grant rate for each condition category to the number of people in the corresponding population age bands during the period from 2002 to 2009. The separate condition category estimates were then summed for all conditions to create the overall expected number of grants shown in Figure 4.

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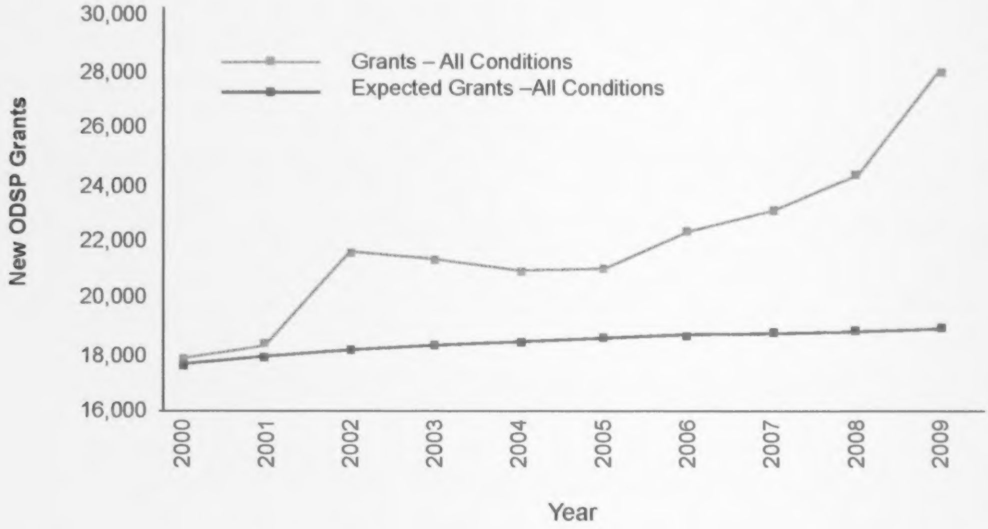
Fig 4: New Cases Granted ODSP Eligibility Compared with the Expected Number of Grants for all Conditions

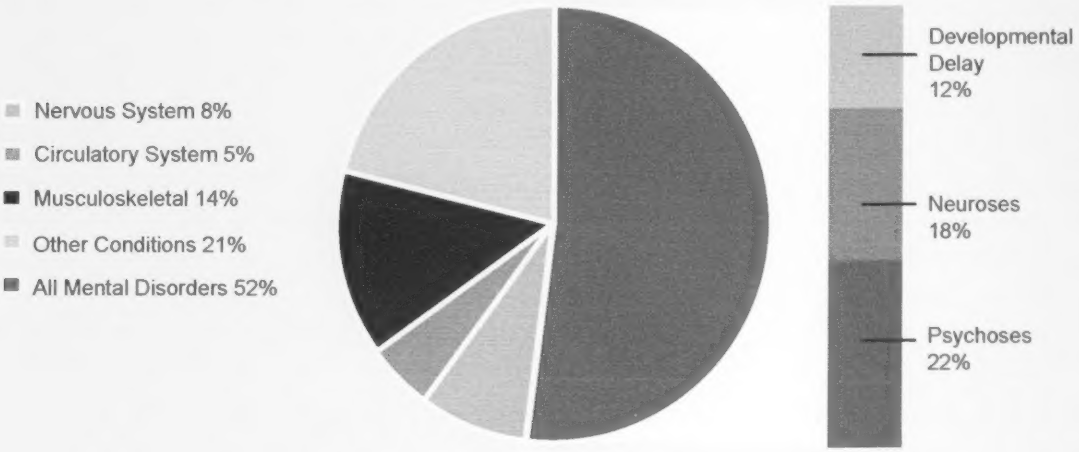


Growth in new ODSP grants for people with mental disorders

One reason that the ODSP case growth over the last 10 years is higher than expected is the increase in new grants related to mental disorders. Figure 5 shows the breakdown of the primary reasons for new ODSP grants in 2009-10 by major condition category. Mental disorders[4] (psychoses, neuroses, and development delays) represented about 52 per cent of the primary conditions of applicants granted ODSP in 2009-10.

Appendix F

Fig 5: New ODSP Grants by Primary Condition Category 2009-2010



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[4] Based on DSM-4 classifications, "mental disorders" includes psychoses, such as schizophrenia, neuroses, including anxiety and depression, and autism spectrum and developmental delays such as Down syndrome.

Figure 6 shows the trend in the number of ODSP grants for each major condition category over the last 10 years. Over all, grant rates for all types of mental disorders have grown from 44 per cent of all new ODSP grants in 1999 to 52 per cent in 2009.

Appendix F

Fig 6: ODSP Grants by Primary Condition Category 1999-2009

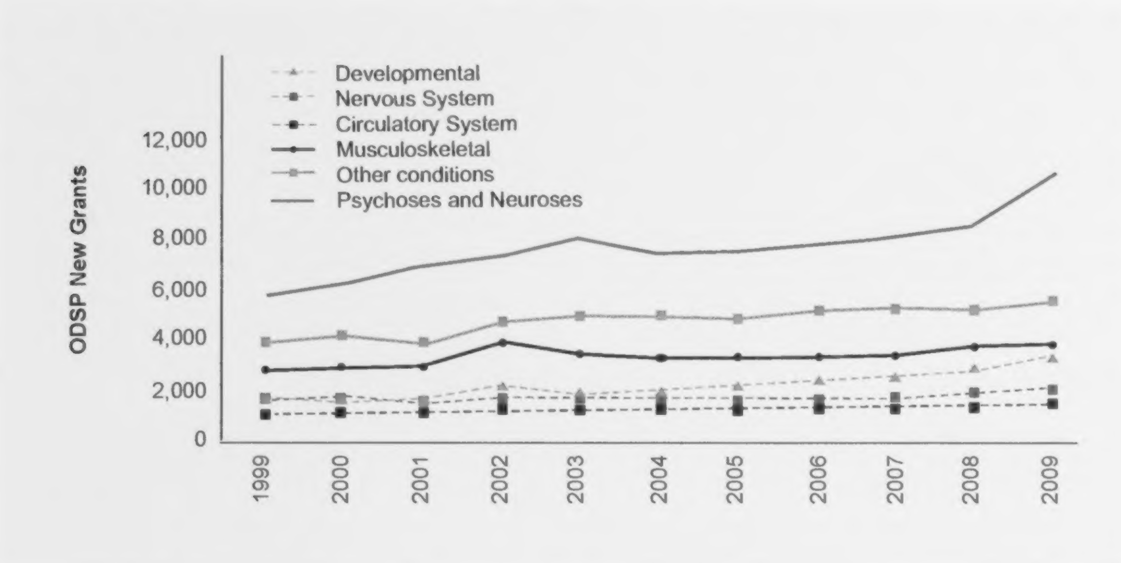
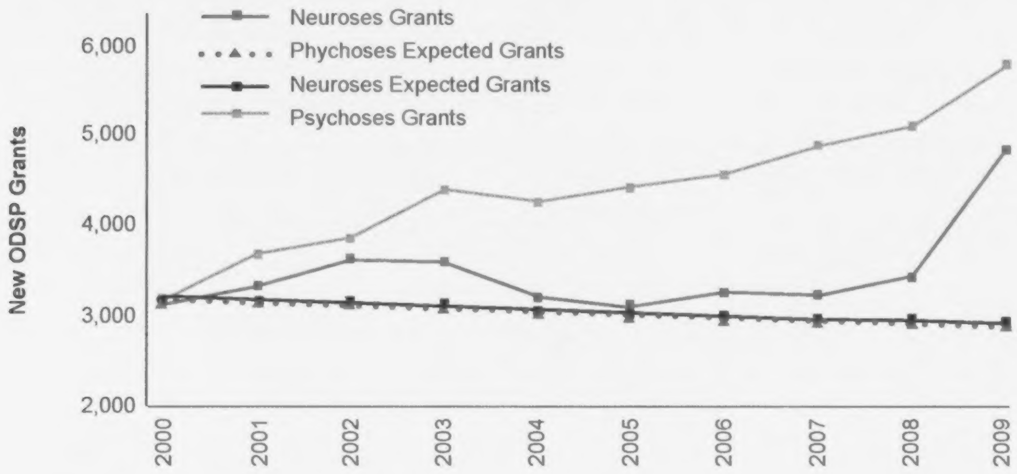


Figure 7 compares the expected number of grants with actual grants related to psychoses and neuroses. The median age for new grants for psychoses and neuroses is between 20 and 40 years of age – an age group that declined in the Ontario population between 2000 and 2009. Yet, as shown on Figure 7, the number of grants for psychoses and neuroses increased significantly over the same period.

Appendix F

Fig 7: New Cases Granted ODSP Eligibility Compared with the Expected Number of Grants for Neuroses and Psychoses Conditions



Most ODSP grants for people with developmental disorders occur when the applicant is under the age of 20. With the peak of the "baby boom echo" reaching 18 years of age in 2009, it would be expected that ODSP grant rates for developmental delays would have risen over the last decade. Our analysis found that grants for applicants with developmental delays, and in particular for autism, increased between 2000 and 2009. This increase was substantially more than would be expected from demographics alone.

These observations about the increasing contribution of mental disorders to growth in ODSP grants since 1999 are consistent with experience in many other jurisdictions (Autor & Duggan, 2010; OECD, 2012). In an extensive review of mental illness and employment, the OECD (2012) observed that mental illness conditions have become the leading cause of new disability income support claims in most OECD jurisdictions, typically responsible for one-third to one-half of new disability claims.

Disability, and in particular disability related to mental illness, is having an impact not only on the number of income support beneficiaries, but also on business and on reduced productivity for national economies (OECD, 2012; HM Government, Department of Health, 2011). In an analysis of North American and European Union countries, the Global Business and Economic Roundtable on Addiction and Mental Health found "a tsunami of economic loss hitting these free market economies, a one trillion dollar a year problem" (Wilson & Wilkerson, 2011, p. 40). The Conference Board of Canada (2012) has estimated the cost to employers, government, and the economy from lost labour market participation among people experiencing the most common mental illnesses in Canada at over $20 billion per year.

Mental illness often occurs concurrently with physical disabilities, and individuals with physical disabilities such as diabetes and musculoskeletal conditions have a higher likelihood of concurrently experiencing a mental illness (Wilson & Wilkerson, 2011; HM Government, Department of Health, 2011; OECD, 2012). Concurrent mental illness can increase the severity of the disability experienced by a person with multiple conditions; it may also reduce the effectiveness of rehabilitation or treatment in addressing the physical conditions (OECD, 2012; HM Government, Department of Health, 2011; Wilson & Wilkerson, 2011). Analysis of U.S. data by the OECD (2012) found that people with moderate mental disorders who were also experiencing a physical condition were more than twice as likely to be receiving unemployment or disability benefits compared with individuals experiencing the moderate mental disorders alone.

The figures above are based on an analysis of the "primary" condition recorded by the Disability Adjudication Unit (DAU) when applicants were granted ODSP. The Commission also analyzed situations where the primary condition of applicants was recorded as a physical condition, but where the DAU also recorded neuroses or psychoses as a "secondary" condition. This analysis found, for example, that for 20 per cent of individuals with a primary musculoskeletal condition granted ODSP, either a neurosis or psychosis was recorded as a secondary condition. Over all, the Commission's analysis indicates that in about 60 per cent of new ODSP grants in 2009-10, a mental disorder was recorded as either a primary condition or a secondary condition.[5]

Benefit structure for people with disabilities

Part of the debate about the design of disability income support programs concerns how these programs can be designed to balance two needs. One is the need to provide adequate social protection for people with disabilities facing significant barriers to work. The other is the need to provide sufficient employment supports and financial incentives to ensure that people with disabilities are better off working. Related questions are whether any definition of disability is available that can effectively differentiate between people who do have capacity for employment and those who do not, and therefore whether a separate income support program should be available for people with disabilities who are deemed to be unable to work.

The Caledon Institute has called for the establishment of a national disability program for people with severe disabilities who cannot reasonably be expected to obtain an adequate income solely from employment (Mendelson, Battle, Torjman, & Lightman, 2010). This program would enhance the incomes of people with severe disabilities, and income support would be provided through a more streamlined national system, integrated with QPP and CPPD programs and a refundable Disability Tax Credit. Provincial savings from reduced social assistance costs would be reinvested in improving individualized services for people with disabilities. The authors note that, to gain public support for the higher benefit levels proposed for such a program, there would need to be a stricter definition of disability, compared with that for ODSP, in order to better identify people who cannot reasonably be expected to obtain an adequate income through solely through employment. However, despite the stricter definition of disability, Caledon envisions that some recipients of the program would have some capacity for employment and should be provided with incentives to work, by allowing them to keep half of the earnings they receive through a 50 per cent withdrawal rate and an earnings exemption.

With a different perspective, Rick August (2009) (also writing for the Caledon Institute) and others outside Canada (Stapleton, O'Day, Livermore, & Imparato, 2006; Autor & Duggan, 2010; Brown, 2010) have argued that separate income support programs for people with disabilities are inherently stigmatizing and paternalistic. Due to the complex nature of disability and employment, any eligibility criterion based mainly on severity of disability inevitably fails to differentiate those who have no capacity for work from those who do (OECD, 2010a; ODSP Action Coalition, 2011). Many people who self-identify in national surveys as having even severe disabilities are employed (Stapleton, O'Day, Livermore, & Imparato, 2006; Prince, 2011), and factors such as workplace accommodation, changing technology, effective treatments, social attributes, a personal sense of empowerment, and aspiration are all key factors in employment—regardless of the severity of disability (Prince, 2011; OECD, 2010a).

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[5] This likely underestimates the applicants granted ODSP who had a concurrent mental illness. A mental disorder that was present at the time of the ODSP application may not have been noted in medical records submitted to support the application. If it was noted, this information may not have been included in the ODSP administrative data as either a primary or secondary condition for which the application was granted.

Autor and Duggan (2006) note that "decades of advances in medical treatments and rehabilitative technologies, combined with a secular trend away from physically exertive work, have arguably blurred any sharp divide that may have once existed between those who are 'totally and permanently disabled' and those who are disabled but retain some work capacity. While one might have expected these medical and labor market changes to reduce the incidence of disabling medical conditions and hence lower the relative size of the DI [Disability Insurance] program, this has not occurred" (p. 74).

This view holds that the often lengthy process of applying for disability benefits serves to emphasize incapacity and the applicants' distance from the labour market rather than the individuals' capacities and aspirations for self-sufficiency (OECD, 2010a). Among people with limited labour market attachment, the higher the benefit levels compared with unemployment or welfare benefits unrelated to disability, the greater the financial incentive to apply for disability benefits. Once receiving disability benefits, recipients may find themselves "trapped" because they lose supports and benefits if they take on employment (August, 2009; Stapleton, O'Day, Livermore, & Imparato, 2006; OECD, 2010a). This perspective recommends reducing the current separation between disability benefits and unemployment benefits or social assistance, making income support for people with disabilities less "passive" and better integrating employment services for people with disabilities and people without disabilities (August, 2009; OECD, 2010a; Stapleton, O'Day, Livermore, & Imparato, 2006). The OECD (2012) and others (Stapleton, O'Day, Livermore, & Imparato, 2006) have proposed that jurisdictions consider a single working-age unemployment benefit system, with additional individualized supports and benefits available to people with disabilities or other barriers to employment.

A number of jurisdictions have been implementing measures to shift the focus to employment capacity rather than severity of disability and to reform disability income supports to make them more "active." For example, Australia has replaced disability eligibility based on medical severity with assessment processes that attempt to determine the work capacity of people with disabilities. Individuals deemed to have some or partial work capacity are required to participate in employment-related activities and are supported to do so. The OECD (2007) attributes recent declines in disability beneficiary grants in Australia to these policy reforms. The U.K. is also in the process of adopting a similar approach, but has encountered problems with the development and implementation of its capacity assessment (OECD, 2007). The Netherlands, Germany, and several Scandinavian countries, which experienced a peak in disability claimants earlier than other countries, have also implemented measures including narrowing the definition of disability and placing requirements for participation in employment and rehabilitation activities on beneficiaries. The OECD (2010a) and other observers (Autor & Duggan, 2010) have attributed recent declines in beneficiary rates in these countries to the policy changes adopted.

In Canada, several provinces have introduced specialized income support programs intended to improve the income security of people with disabilities. Alberta's Assured Income for the Severely Handicapped program provides significantly higher benefits than that province's regular social assistance program, Alberta Works. Saskatchewan is also implementing a new income support program for people with disabilities. The federal government has introduced several initiatives to improve income support for people with disabilities, including the creation of Registered Disability Savings Plans (RDSP). RDSPs allow family members or others to establish savings vehicles to provide for the future income needs of people with disabilities. Most provinces have fully exempted the income from RDSPs, and assets within them, for the purpose of social assistance eligibility. As well, the federal government's Working Income Tax Benefit includes an employment earnings supplement for people with disabilities.

Employment services and supports

An extensive body of research exists, mainly from the U.S., the U.K., and Australia, about the type and efficiency of employment services. It is outside the scope of this report to comprehensively review this research. The interested reader can consult some excellent reviews of this research (Herd, 2006 and 2009; Riccio, Friedlander, & Freedman, 1994; Australian Government, 2012; Hamilton, 2002; Meadows, 2006; Daguerre & Etherington, 2009; Prince, 2011).

The remainder of this section will identify some of the key themes related to employment services, drawing on these and other sources.

As noted above, income support reforms during the 1990s were intended to make the programs more "active" and included "work-first" employment strategies. Work-first strategies stress the "shortest route" to labour market attachment, and typically involve supports for job search, job matching services, and résumé/presentation coaching (Meadows, 2006; Herd, 2006). Evaluations of work-first strategies, conducted mainly in the U.S., have demonstrated, at least in the short term, the effectiveness of this approach for many recipients and the greater cost-effectiveness compared with strategies that emphasize longer-term training (Riccio, Friedlander, & Freedman, 1994; Daguerre & Etherington, 2009). In part, work-first reforms were introduced based on research showing that the longer people are unemployed, the less likely it is that they will be able to obtain employment, and on the theory that gaining any type of employment in the short term will make it more likely that people will be able to increase their employment earnings in the future (Herd, 2006).

These policy perspectives provided the underpinning for changes introduced in Ontario Works and other provincial social assistance programs during the 1990s (Gorlick & Brethour, 1998a and 1998b).

Emergence of mixed models

As noted by Meadows (2006), there was a consensus prior to 2000 that work-first employment measures were more effective than programs that focused on human capital development and training. However, a number of issues and concerns have emerged in the U.S., the U.K., and Canada about an exclusive focus on work-first strategies. Further research and tracking of longer-term outcomes from studies initiated in the 1990s have found that some recipients with multiple barriers who participated in work-first services experienced returns to income support. Their participation in employment through these services did not raise them out of poverty. This was due, in part, to the precarious, part-time, or low-paid nature of their employment. Some experienced poor job retention due to a range of personal or workplace-related challenges and barriers (Daguerre & Etherington, 2009; Meadows, 2006; Herd, 2006; Hamilton, 2002).

Summarizing the current U.S. and U.K. research, Meadows (2006) notes that "'[t]he most recent authoritative evidence (including reviews of the data giving rise to the earlier findings) shifts the balance of this conclusion somewhat, not least by recognising that different interventions are appropriate to different groups in the workless population" (p. 6).

"Work-first" remains an important element of employment services, and conventional work-first services, such as presentation and job search coaching, continue to be the most cost-effective services appropriate for people who have recent work experience and qualifications (Meadows, 2006; Daguerre & Etherington, 2009). However, the new research consensus finds that jobs are more sustainable, and longer-term employment outcomes improve, where there is a mixed approach for people with multiple barriers and significant distance from the labour market (Herd, 2006; Meadows, 2006; Daguerre & Etherington, 2009; Hamilton, 2002).

Role of individual plans

A key element of the emerging mixed model is the importance of the development of individual employment or participation plans. The original work-first model focused on such plans mainly as an instrument of defining responsibility and monitoring compliance. The new model emphasizes the development of mutually defined individual plans, in which involving clients in setting their goals is viewed as key to supporting and encouraging self-esteem and motivation (Daguerre & Etherington, 2009). A recent review of employment services in Australia found that the most successful agencies are the ones that do a better job of helping recipients to develop and motivate themselves in the course of making their plans (Australian Government, 2012).

This highlights the need for both well-trained and supported caseworkers, who have the time to work with clients, and the availability of good-quality labour market information that is accessible to recipients and caseworkers as they prepare individual plans (Daguerre & Etherington, 2009). These are important because the policy intent may be undermined by implementation practices such as caseworker/client ratios that are too high to allow staff to work with clients (Daguerre & Etherington, 2009).

Integrated human services

Another key trend is to integrate the delivery of human services, such as employment, child care and housing. A wide range of benefits are attributed to service integration (Munday, 2007; Herd, 2009; Corbett & Noyes, 2008). They include:

- Easing client access to and navigation among a range of needed services;
- Providing a means to more comprehensively address diverse and complex client needs;
- Reducing stigma for high-needs clients by integrating services for a wide range of clients;
- Reducing service overlaps and addressing services gaps;
- Streamlining service delivery and reducing administration costs.

Internationally, a number of significant efforts are under way to enhance service integration (Munday, 2007). Examples include CentreLink in Australia and several projects in the U.S., including a New York City initiative that integrates a range of human services. In order to encourage service integration, U.S. federal funding arrangements to states for TANF and other programs provides financial incentives and rule waivers to states that make efforts to integrate services. These changes have helped encourage a range of service integrations (Corbett & Noyes, 2008).

In Canada, Alberta is undertaking efforts to integrate the delivery of social assistance, employment services and other human services. Several municipalities in Ontario are undertaking various efforts at service integration (see for example, Region of Peel, 2008).

In a major review of the literature on integrated services delivery, Munday (2007) notes that despite the wide interest in integrated services delivery, there are few rigorous evaluations published on its costs and effectiveness. The research literature suggests that moving to integrated services can sometimes be challenging, involve significant organizational change and efforts, and may involve significant upfront costs. However, Munday (2007) and others (Leutz, 1999; Julkunen, 2005) conclude that there is evidence that integrated service delivery reduces long-term administrative costs and improves client outcomes, particularly for high needs clients with multiple barriers.

Intensive and proactive services

A recent study in the Region of Peel (Peressini, 2011) involved providing integrated public health, recreational and employment supports, proactively, to sole-support parents who had been receiving Ontario Works for more than 12 months. The public health component included assisting parents to identify and deal with their own and their children's health issues, along with counselling and referrals to other specialized services. Compared with the control group who received only conventional self-directed Ontario Works services, participants were significantly more likely to leave Ontario Works, and parents and children in those families had significantly improved physical and mental health outcomes. The most significant factor in achieving these successes was the enhancement of social supports and the reduction in social isolation experienced by participants. The Region of Peel estimates that savings from reduced social assistance expenditures more than offset the costs of the program and that further savings were achieved through reduced health care and social services costs (Region of Peel, 2012). These findings are consistent with earlier studies using a similar proactive integrated services approach in Toronto (Browne, Byrne, Roberts, Gafni, & Whittaker, 2001; Browne, et al., 2011) and in several other jurisdictions (Herd, 2009).

Integrated disability treatment and supported employment services

In its review of mental illness and work, a key finding of the OECD (2012) was that the majority of people with mental illness either do not access treatment, or when they do access treatment, it may not be adequate when compared with accepted clinical standards. The low proportion of people accessing treatment is especially evident in the more common conditions of depression and anxiety, which, as noted above, can lead to significant loss of productivity and increased dependency on income support. Adequate treatment has, however, been shown to significantly improve employment outcomes (OECD, 2012; Dewa, Hoch, Lin, Paterson, & Goering, 2003). Research has also shown that participation in employment can help improve mental health and well-being, improve self-esteem, and reduce the use of mental health and other health care services (Bush, Drake, Xie, McHugo, & Haslett, 2009; Schneider, et al., 2009; Bond, et al., 2001; Rueda, et al., 2012).

Considerable research from workers' compensation systems, private sector disability management programs, and mental illness programs has demonstrated the value of early, enhanced treatment and supports that integrate employment and treatment services (OECD, 2012). Conventionally, although treatments often identify employment as an outcome, they typically operate separately from employment programs. However, research has emerged to indicate that early integrated supports are more effective, for both treatment and employment outcomes, compared with programs that separate these components (OECD, 2012; Bond, 2004). For example, a multi-site, randomized, controlled trial of supported employment in the U.S. found that supported employment, with high levels of integration of psychiatric and employment services, was more effective than services with low levels of service integration (Cook, et al., 2005).

Performance-based funding

Performance-based or outcome-based funding arrangements for employment services, for people who are unemployed and for people with disabilities, have been adopted in a wide range of jurisdictions, including the U.S., Australia, some European nations, and the U.K. (Finn, 2010; Armstrong, Bryrne, Patton, & Horack, 2009). These approaches compensate employment services providers, whether not-for-profit or for-profit, for successful client job placement, for achieving post-placement job retention milestones, and for client earnings increases.[6] These funding arrangements are also intended to incent employment service providers to shift their efforts and resources from pre-employment activities to job development, workplace training, job retention supports, and working closely with employers—all factors that the research considers more successful for adult learners and people with multiple barriers (Finn, 2010).

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[6] Ontario adopted a performance-based approach, for example, in the changes to ODSP's Employment Support services funding model announced in 2007. Under the new model, employment service agencies are paid $7,000 for each job placement of at least 13 weeks and post-placement retention payments of either $250 per month or 50 per cent of ODSP savings, whichever is higher, for up to 33 months after placement.

Evaluations of performance-based approaches have tended to demonstrate improved success in job placements compared with approaches where private or not-for-profit delivery agencies are paid based on the number of clients served (Mansour & Johnson, 2006; Armstrong, Bryrne, Patton, & Horack, 2009). However, the introduction of performance-based funding has raised concerns that unnecessary payments are being made to service providers for clients who would have found employment even without the support of the service provider. Another concern is that service providers may preferentially serve clients who are easiest or least cost-intensive to place in employment (Finn, 2010; Mansour & Johnson, 2006; Armstrong, Bryrne, Patton, & Horack, 2009). Further concerns include agency financial stability in the face of funding uncertainty (Armstrong, Bryrne, Patton, & Horack, 2009) and a high degree of administration to track client outcomes, especially where several government departments implement different outcome-based funding arrangements (Armstrong, Bryrne, Patton, & Horack, 2009).

To address these concerns, a number of adjustments to performance-based funding models are being implemented in various jurisdictions. These include more effectively segmenting clients, and then providing performance-based funding only for clients likely to have a high need for services in order to be successful (Mansour & Johnson, 2006). Another approach is to provide different levels of performance-based funding per client, with the level depending on an independently assessed level of client need or distance from the labour market (Mansour & Johnson, 2006). Several jurisdictions, such as Australia and the U.K., have developed standard client assessments in order to classify clients into categories of support needs. These jurisdictions then provide different levels of performance-based funding to service providers for effectively serving clients with different levels of support needs (Finn, 2010; Mansour & Johnson, 2006).

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Appendix G: Putting Together the Building Blocks

The numbers used in the following tables are used to illustrate the methodology and are taken from the 2011 rates (the example standard rate for single adults, as calculated in Chapter 2, has been rounded to $8,300 from $8,304). The numbers at the time of implementation will be different. We caution the reader not to view the numbers in these tables as actual recommended rates.

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Table 1: Income after the Implementation of Initial Steps, Illustrative Examples Based on 2011 Social Assistance Rates

	Building Blocks inside Social Assistance				Benefits outside Social Assistancea		Income		
	Standard Rate or Modified Standard Rate	Uniform Sole-Support Parent Supplement	Uniform Children's Supplement	Disability Supplement	Existing Federal and Provincial Tax Credits	Planned Increase in Ontario Child Benefit	Income from Social Assistance and Tax Benefits	Social Assistance Earnings Exemption	Income with Earnings Exemption**
	A	B	C	D	E	F	G= (A+B+C+D+E+F)	H	G + H
Single Adult	8,300				1,076		9,376	2,400	11,776
Sole-Support Parent, 1 Child	8,300	2,000	554		6,291	210	17,355	2,400	19,755
Sole-Support Parent, 2 Children	8,300	2,000	1,108		11,132	420	22,960	2,400	25,360
Couple	14,276				1,472		15,748	2,400	18,148
Couple, 1 Child	14,276		554		6,564	210	21,604	2,400	24,004
Single Adult with Disability	8,300			4,336	1,076		13,712	2,400	16,112
Sole-Support Parent with Disability, 1 Child	8,300	2,000	554	4,336	6,291	210	21,691	2,400	24,091
Sole-Support Parent with Disability, 2 Children	8,300	2,000	1,108	4,336	11,132	420	27,296	2,400	29,696
Couple, 1 with Disability	14,276			4,336	1,472		20,084	2,400	22,484
Couple, 1 with Disability, 1 Child	14,276		554	4,336	6,564	210	25,940	2,400	28,340

* Federal tax credits include the Canada Child Tax Benefit (CCTB), National Child Benefit Supplement (NCBS), Universal Child Care Benefit, and Goods and Services Tax Credit. CCTB and NCBS are annualized based on the 2011-12 benefit year. Provincial tax credits include the Ontario Child Benefit, the 2011-12 Ontario Energy and Property Tax Credit and the 2011-12 Ontario Sales Tax Credit. For the purposes of calculating the Energy and Property Tax Credit, rent is assumed to be $600/month.

** Assumes the recipient would have earnings equal to the earnings exemption.

To provide a basis for comparison, the following table shows full-time minimum-wage employment income, net of taxes and tax credits, for families in a variety of circumstances.

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Table 2: Income from Full-Time Minimum-Wage Employment, 2011

	Gross Earnings	Earnings Net of Income Tax, CPP, EI and WITB*	Refundable Fed/ Prov Tax Credits**	Income, after Tax and Tax Credits, from Minimum Wage Full-Time Employment
	A	B	C	(B + C)
Single Adult	19,988	18,414	1,076	19,490
Sole-Support Parent, 1 Child	19,988	20,922	6,291	27,213
Sole-Support Parent, 2 Children	19,988	20,922	11,132	32,054
Couple	19,988	20,922	1,472	22,394
Couple, 1 Child	19,988	20,922	6,564	27,486
Single Adult with Disability	19,988	20,012	1,076	21,088
Single Adult with Disability, 1 Child	19,988	21,394	6,291	27,685
Couple, 1 with Disability	19,988	21,394	1,472	22,866
Couple, 1 with Disability, 1 Child	19,988	21,394	6,564	27,958

* Total income, including net earnings after income tax, Canada Pension Plan (CPP), Employment Insurance (EI), and Working Income Tax Benefit (WITB) from a minimum wage of $10.25 at 37.5 hours per week for 52 weeks. Note there is no WITB for a single adult.

** Federal tax credits include Canada Child Tax Benefit (CCTB), National Child Benefit Supplement (NCBS), Universal Child Care Benefit, and Goods and Services Tax Credit. CCTB and NCBS are annualized based on the 2011-12 benefit year. Provincial tax credits include the Ontario Child Benefit (OCB), the 2011-12 Ontario Energy and Property Tax Credit and the 2011-12 Ontario Sales Tax Credit. For the purposes of calculating the Energy and Property Tax Credit, rent is assumed to be $600/month. People with disabilities assumed to qualify for the Disability Tax Credit and WITB disability supplement.

The following table shows how the annual incomes calculated in the preceding two tables compare with our proxy BMA (once again, our BMA is for illustrative purposes only).

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Table 3: Incomes after Implementation of Initial Steps, Income from Minimum-Wage Employment and the BMA–Illustrative Examples Based on BMA, Tax and Tax Benefits, and Minimum Wage in 2011

	BMA	Income, after Tax and Tax Credits, from Minimum-Wage Full-Time Employment (see Table 2)	Income from Social Assistance and Tax Benefits after Initial Steps * (see Table 1)	Income with Earnings Exemption, Social Assistance and Tax Benefits (see Table 1)	Income from Social Assistance and Tax Benefits compared with Income after Tax and Tax Credits from Minimum-Wage, Full-Time Employment	Income after Tax and Tax Credits from Minimum-Wage, Full-Time Employment Compared with BMA	Income from Social Assistance and Tax Benefits Compared with BMA	Income with Earnings Exemption, Social Assistance and Tax Benefits Compared with BMA
	A	B	C	D	C/B	B/A	C/A	D/A
Single Adult	13,710	19,490	9,376	11,776	48%	142%	68%	86%
Sole-Support Parent, 1 Child	19,389	27,213	17,355	19,755	64%	140%	90%	102%
Sole-Support Parent, 2 Children	23,747	32,054	22,960	25,360	72%	135%	97%	107%
Couple	19,389	22,394	15,748	18,148	70%	115%	81%	94%
Couple, 1 Child	23,747	27,486	21,604	24,004	79%	116%	91%	101%
Single Adult with Disability	13,710	21,088	13,712	16,112	65%	154%	100%	118%
Sole-Support Parent with Disability, 1 Child	19,389	27,685	21,691	24,091	78%	143%	112%	124%
Couple, 1 with Disability	19,389	22,866	20,084	22,484	88%	118%	104%	116%
Couple, 1 with Disability, 1 Child	23,747	27,958	25,940	28,340	93%	118%	109%	119%

* NOTE: Social assistance income does not include the value of health-related benefits available to social assistance recipients

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We visited 11 communities in the summer of 2011, but many organizations convened local engagement events across the province:

- Alliance to End Homelessness (Ottawa)
- Child & Youth Network – City of London
- City of Ottawa Poverty Reduction Strategy
- Coalition of Community Health and Resource Centres of Ottawa
- Community Legal Services (Ottawa-Carleton)
- Daily Bread Food Bank
- Hamilton Roundtable for Poverty Reduction
- Interim Coordinating Committee for Cochrane District Social Planning Council
- Kingston Community Roundtable on Poverty Reduction
- Kinna-aweya Legal Clinic
- Lakehead Social Planning Council
- London & Middlesex Housing Corporation
- Neighbourhood Legal Services London & Middlesex
- New Canadians Centre Peterborough
- Niagara Region (Niagara Prosperity Initiative)
- North Bay & District Multicultural Centre
- Northwestern Ontario Women's Centre
- Ontario Council of Agencies Serving Immigrants
- Ottawa Community Immigrant Services Organization
- Ottawa Poverty Reduction Network
- Pathway to Potential (Windsor-Essex County)

- Peel Poverty Reduction Strategy Committee (Regional Municipality of Peel and United Way of Peel Region)
- Peterborough Community Legal Centre
- Peterborough Poverty Reduction Network
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- Fort Frances Chiefs Secretariat
- Fort William First Nation
- Kenora Chiefs Advisory
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- Chiefs of Ontario (All Ontario Chiefs Conference)
- Grand Council Treaty #3
- Mushkegowuk Annual General Assembly
- Ontario Federation of Indian Friendship Centres
- Ontario Native Welfare Administrators' Association

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- City of Toronto Employment & Social Services
- Greater Toronto CivicAction Alliance
- Ontario Chamber of Commerce
- Ontario Disability Employment Network
- Ontario Municipal Social Services Association
- Ontario Network of Employment Skills Training Projects
- Toronto Region Immigrant Employment Council
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- Voices from the Street

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- Centre for Addiction and Mental Health Empowerment Council
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- City of Toronto Employment and Social Services staff
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- Daily Bread Food Bank Agency Conference
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- Ontario Council of Agencies Serving Immigrants
- Ontario Dental Association
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- Ontario Federation of Labour
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